



REPUBLIC OF ESTONIA
MINISTRY OF RURAL AFFAIRS

Agriculture and Rural Development in Estonia: Past, Present and Future

28.06.2019

Structure

- Country profile
- Ministry of Rural Affairs
- Agriculture and rural development
- Development programs and support over the years: past, present and future
- Focus areas: Leader & Estonian Food
- CAP new delivery mechanism: Estonian position

Country profile

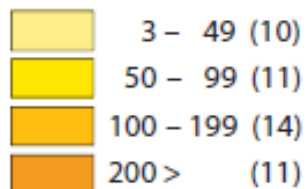
Country profile

- Location: between Finland & Latvia, Sweden & Russia Fed.
- Size: Land 4,35 mln ha (only 7 EU MS are smaller)
 - Forest land: 2,33 mln ha (51%)
 - Agricultural land 1,00 mln ha (31%)
- Population: 1 323 820 (only 3 EU MS have less)
 - 32% in rural areas
 - 30 inhabitants per square kilometre
 - 11 inhabitants per square kilometre in rural area
- GDP per capita (PPS): 79 % of the EU average

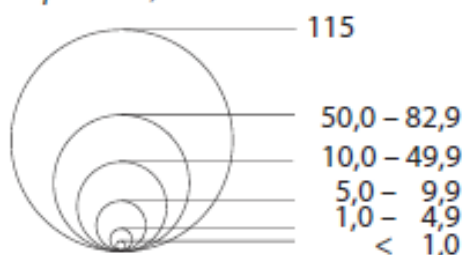
RAHVAARV JA ASUSTUSTIHEDUS, 2017

POPULATION AND POPULATION DENSITY, 2017

Rahvastikutihedus, inimest km² kohta
Population density, persons per km²

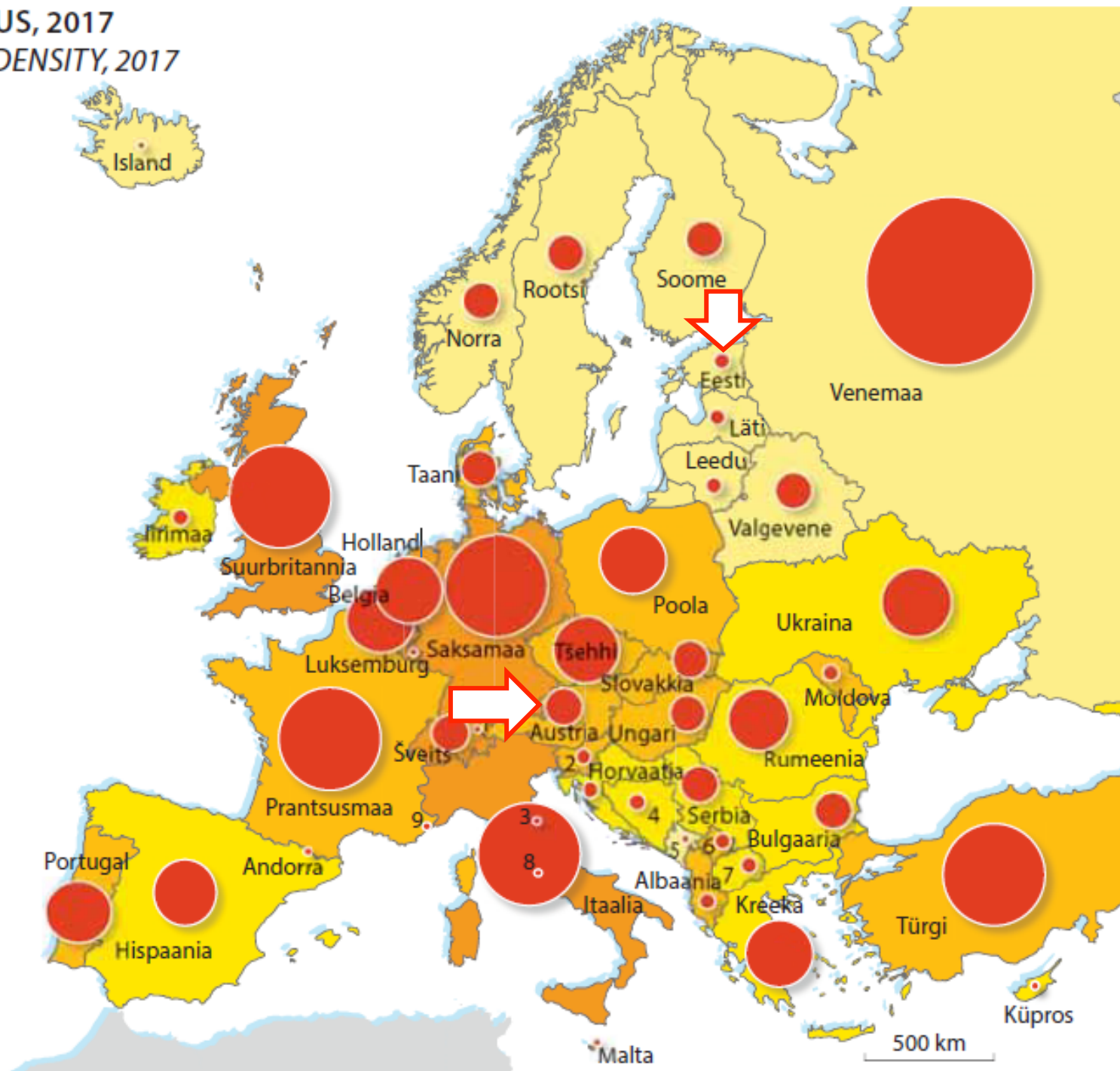


Rahvaarv, miljonit
Population, million

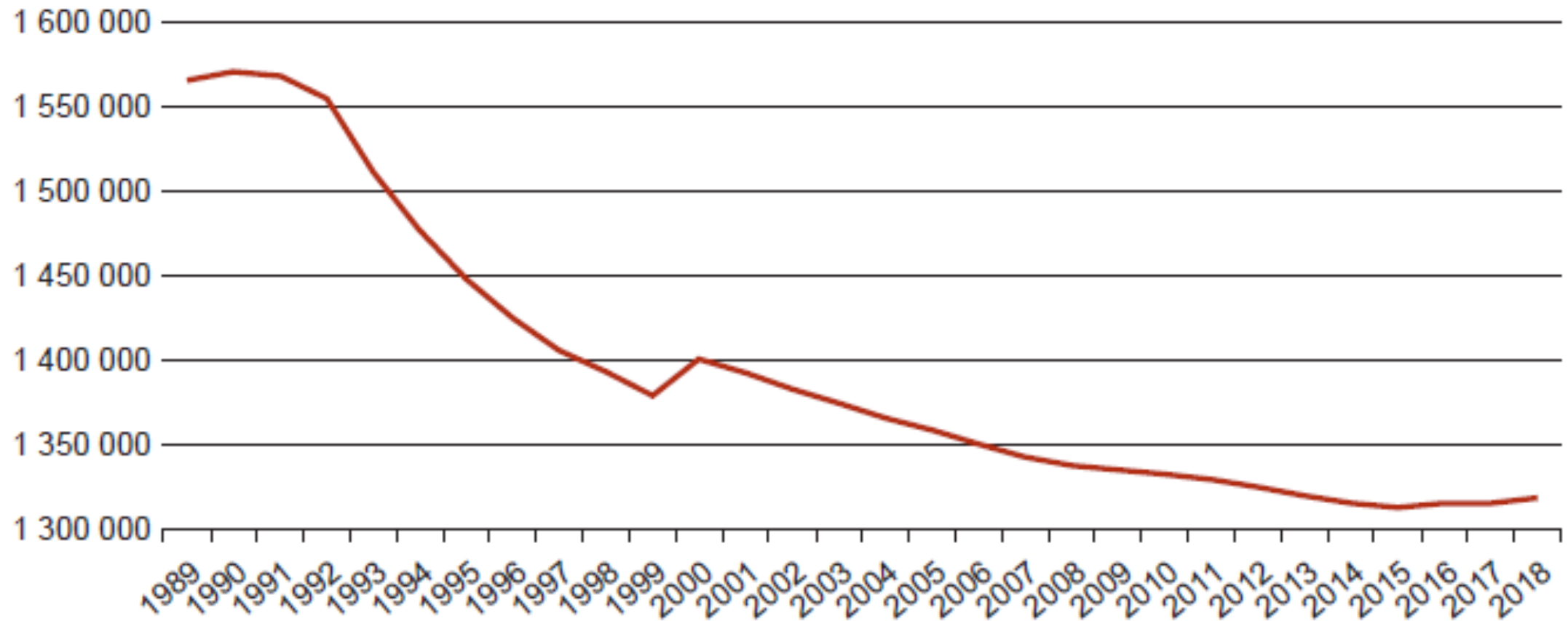


- 1 – Liechtenstein
- 2 – Sloveenia/Slovenia
- 3 – San Marino
- 4 – Bosnia ja Hertsegoviina
Bosnia and Herzegovina
- 5 – Montenegro
- 6 – Kosovo
- 7 – Makedoonia/Macedonia
- 8 – Vatikan / Vatican City
- 9 – Monaco

Allikad: Statistikaamet, Eurostat
Sources: Statistics Estonia, Eurostat



Population change in Estonia between 1989-2018



GDP per capita in Purchasing Power Standards (PPS) (EU-28 = 100) 2005-2015

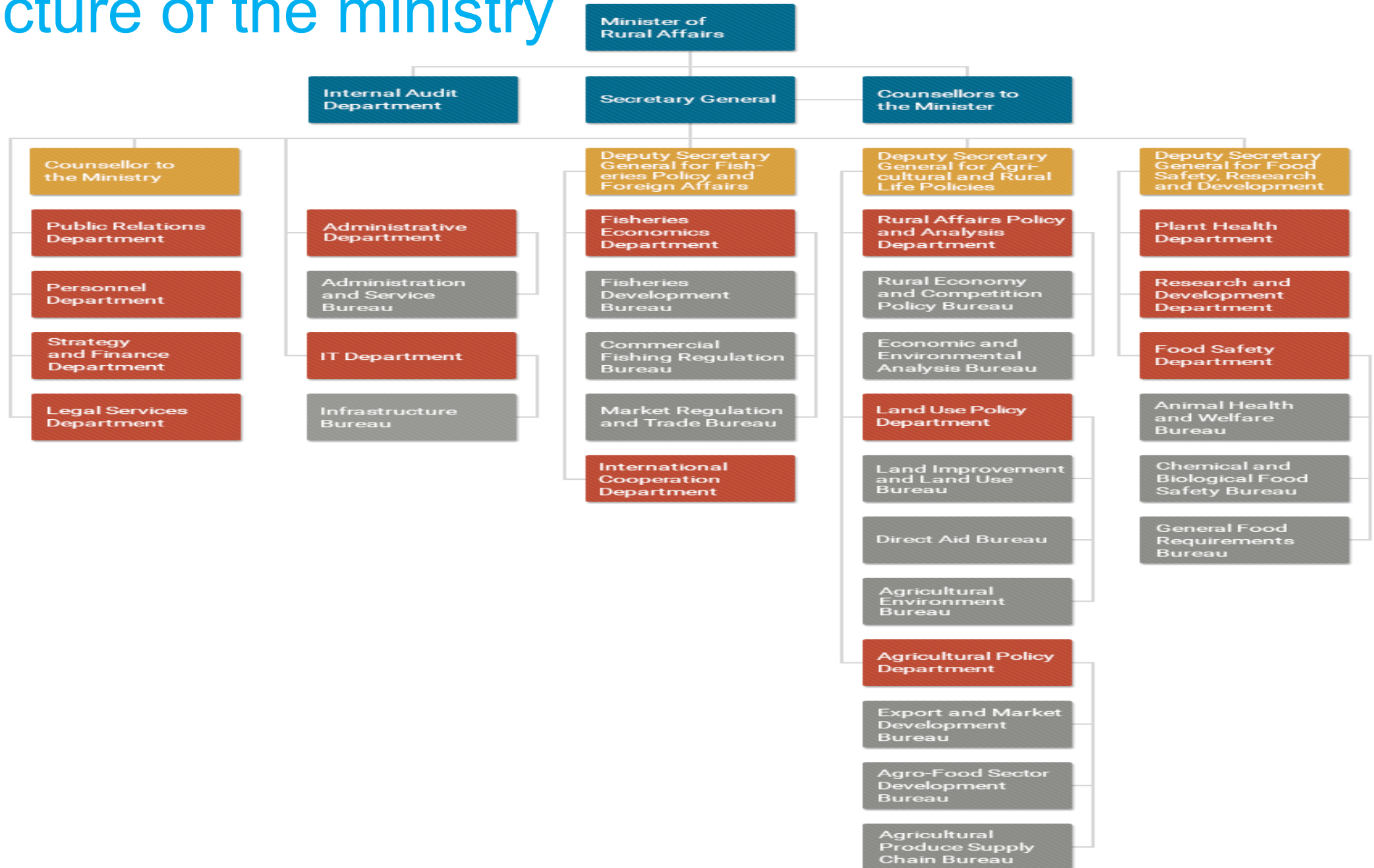
	2013	2014	2015	2016	2017
EL (28 MS)	100	100	100	100	100
Romanian	54	55	56	59	63
Estonia	75	77	76	77	79
Latvia	62	63	64	64	67
Lithuania	73	75	75	75	78
Finland	113	110	109	109	109
Sweden	125	124	125	122	121
Austria	131	130	129	128	127

Ministry of Rural Affairs

Activities of Ministry of Rural Affairs

- Agriculture and food market
- Animal health, welfare and breeding
- Bioeconomy
- Fishing industry and commercial fishing
- Food safety
- Grants and state aid
- Organic farming
- Plant production
- Research, development and advice
- Rural entrepreneurship and rural life
- Estonian rural development plan 2014–2020
- European Maritime and Fisheries Fund 2014–2020

Structure of the ministry



Agriculture and rural development

If we are talking about agriculture and rural development ...

Then we are talking about ...

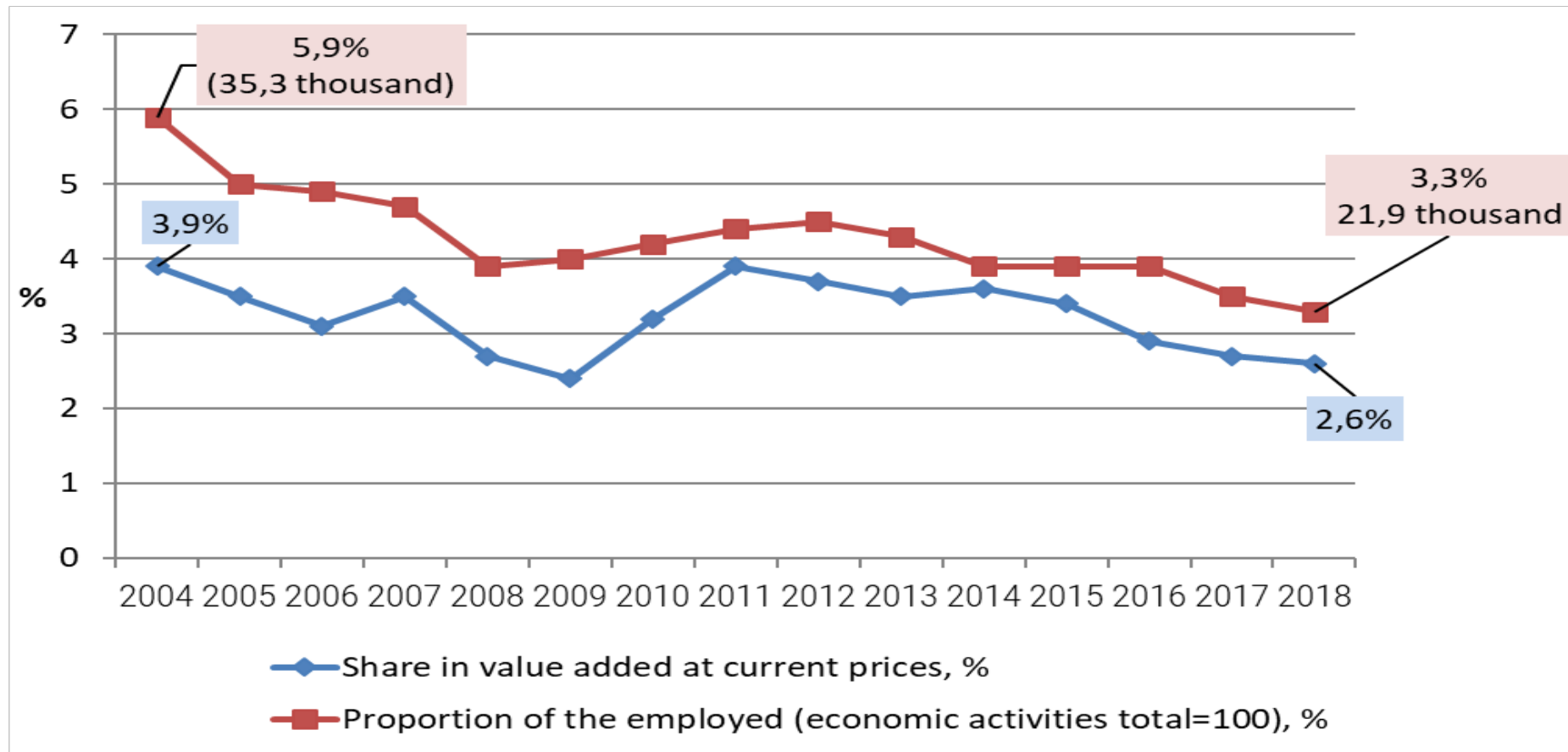
- ... 2,6 % of GDP
- ... 3,3 % of employment
- ... more than 1 million ha of agricultural land
- ... 1/3 of population
- ... 1/3 of enterprises

Main challenges of agriculture

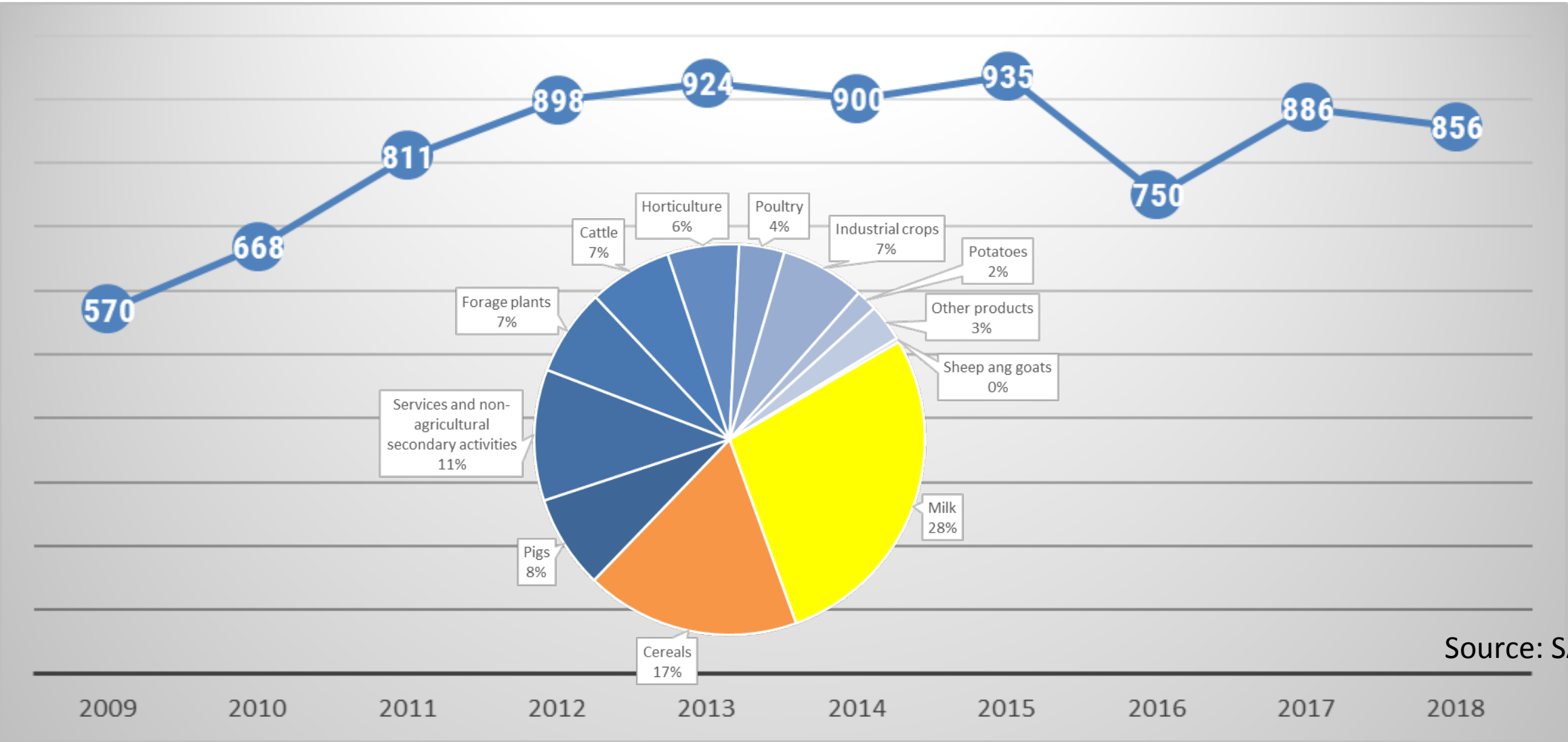
- Tendency toward large scale farms (appeared already before EU accession)
- Decreasing number of family farms
- Higher production costs per unit of production compared to the EU average
- Volatility of income because of the market prices
- Labour shortages and wage pressure
- Frequency of extreme weather conditions has increased over recent years, which in turn increases the likelihood that Estonia's agricultural producers will have to reckon with more challenging environmental conditions in the future.
- Farmers unwillingness to cooperate has lead to a number of small and fragmented agricultural cooperatives that possess limited market power.

Position of agriculture in Estonian economy

Agriculture, forestry and fishing

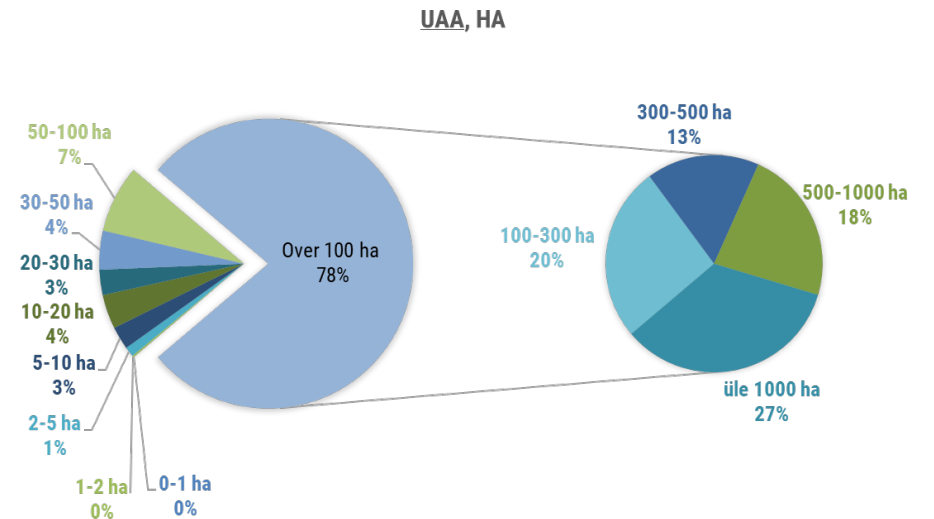
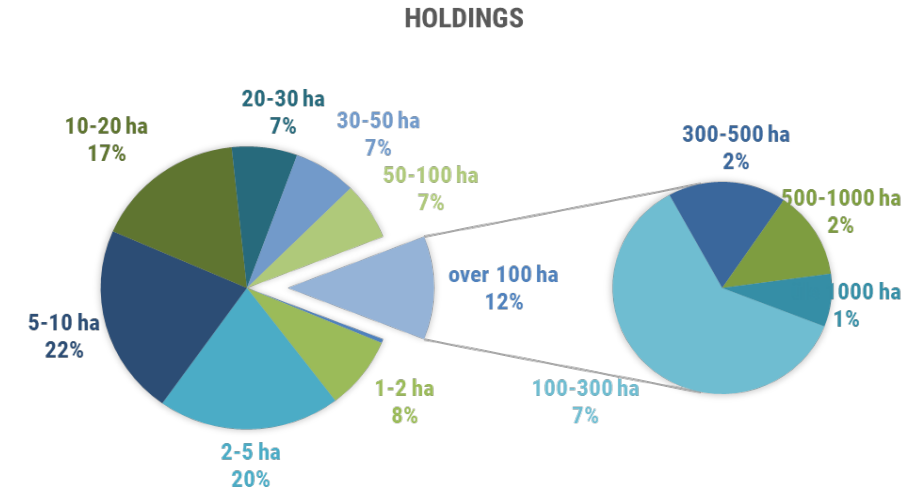
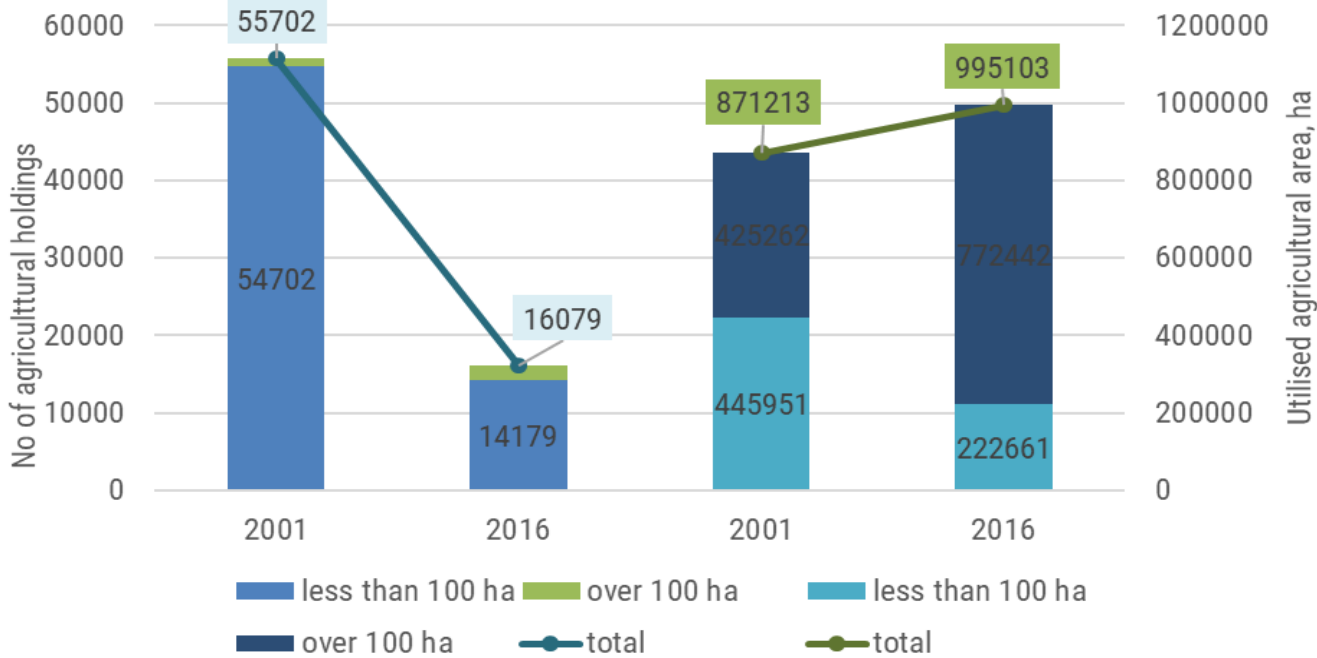


Value of output of Agricultural Industry 2009-2018, EUR Mio

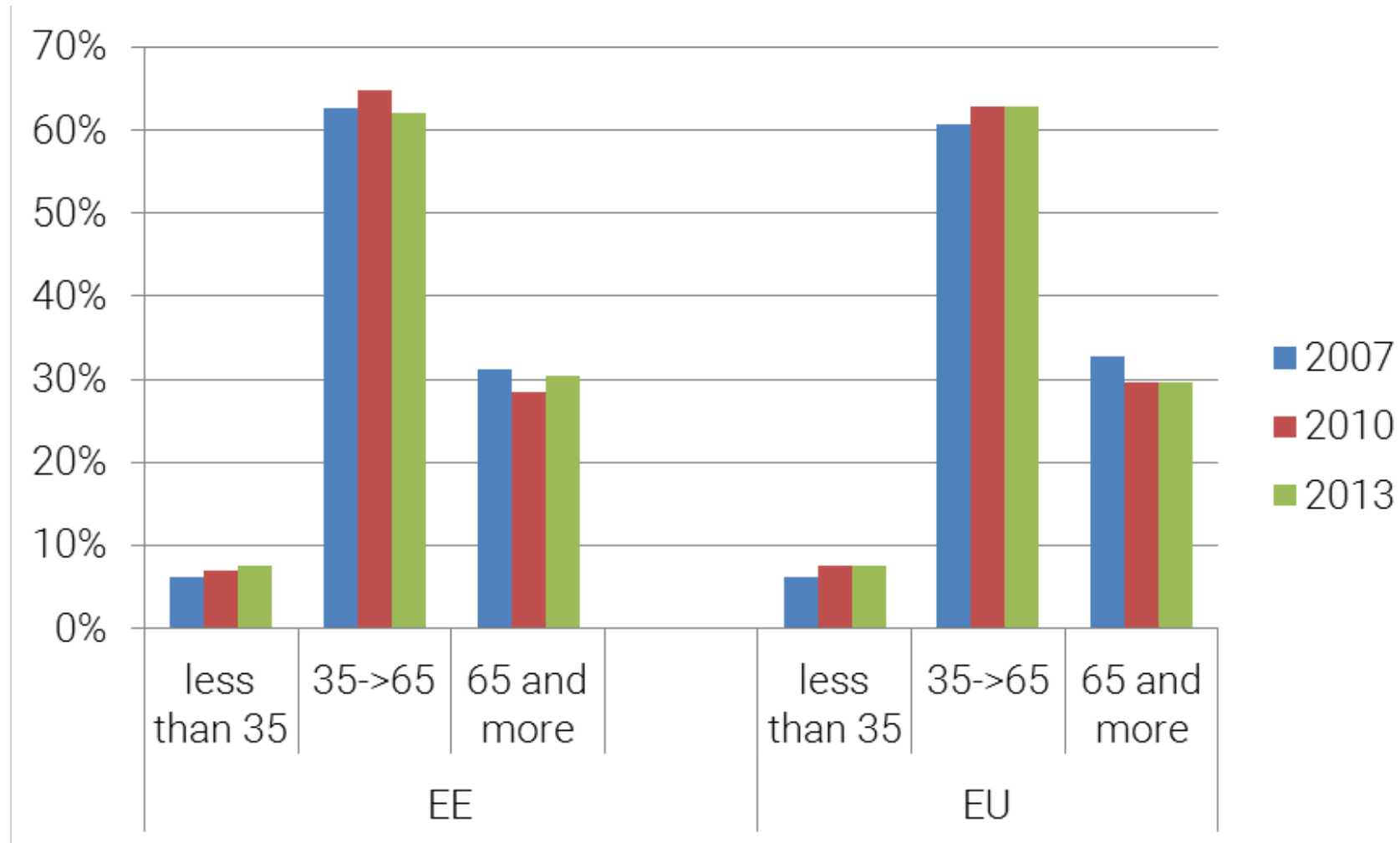


Source: SA

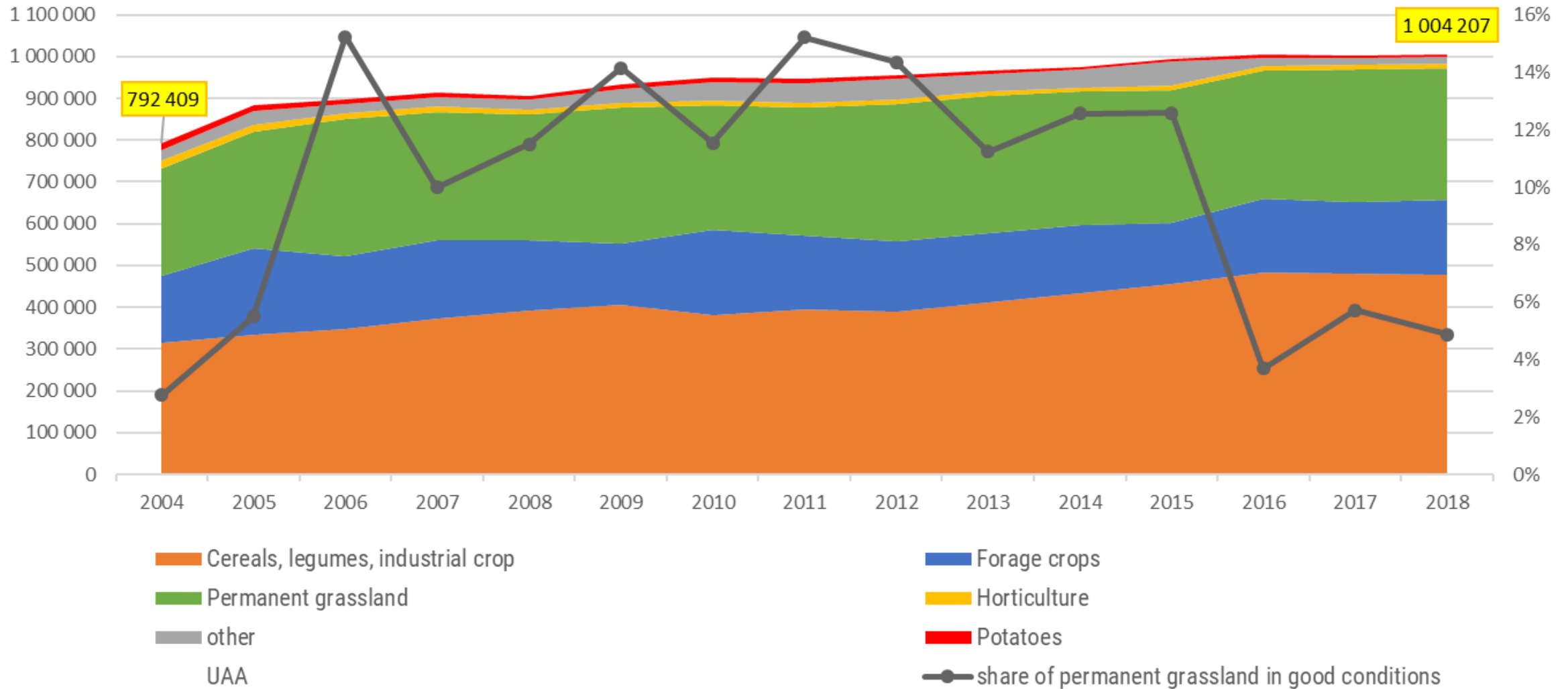
Structure of agricultural holdings



Share of different age groups of farm managers in Estonia and EU

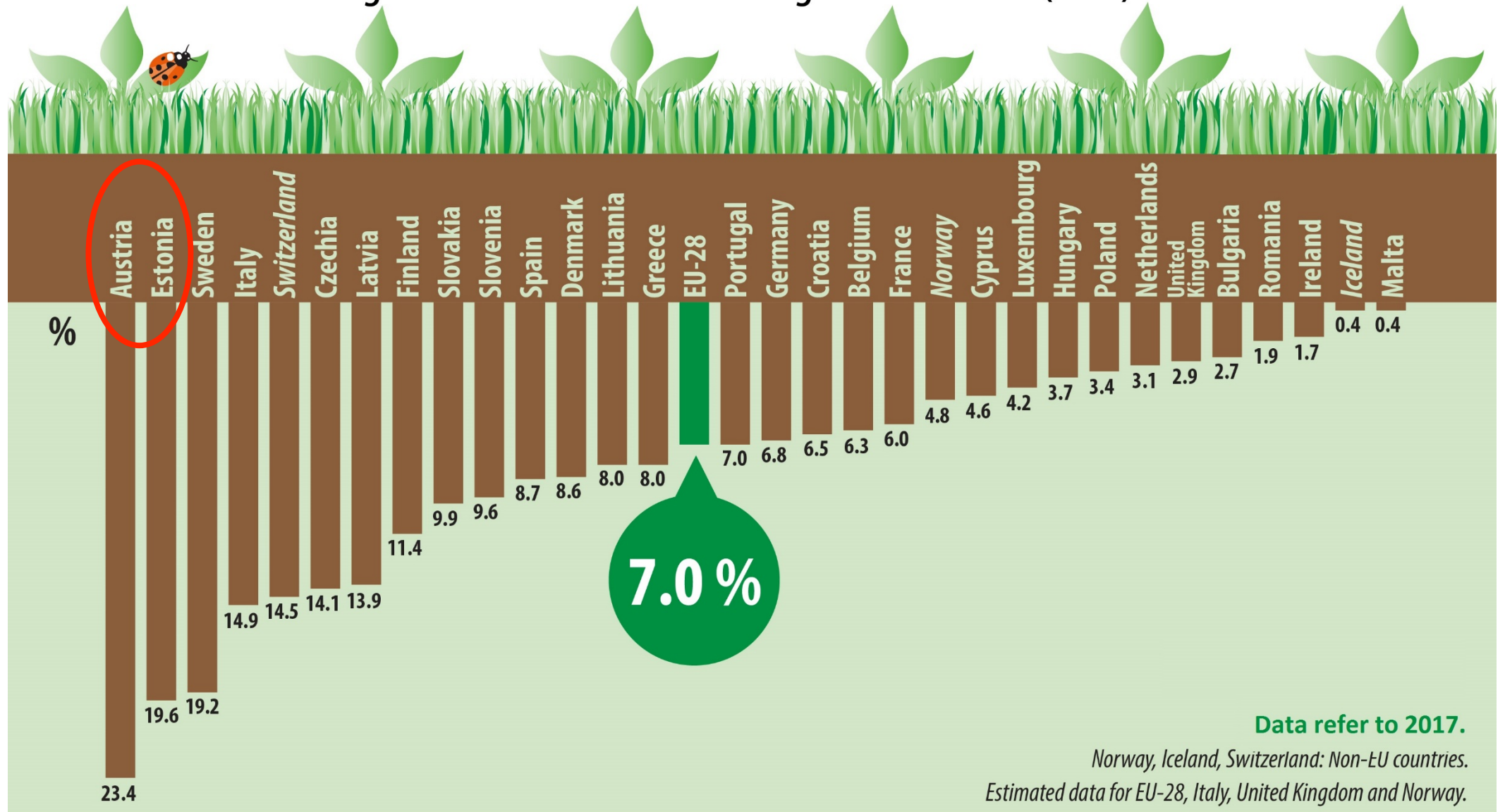


Use of land (thousand ha), crop production



Organic farming area

Share of total organic area in total utilised agricultural area (UAA)

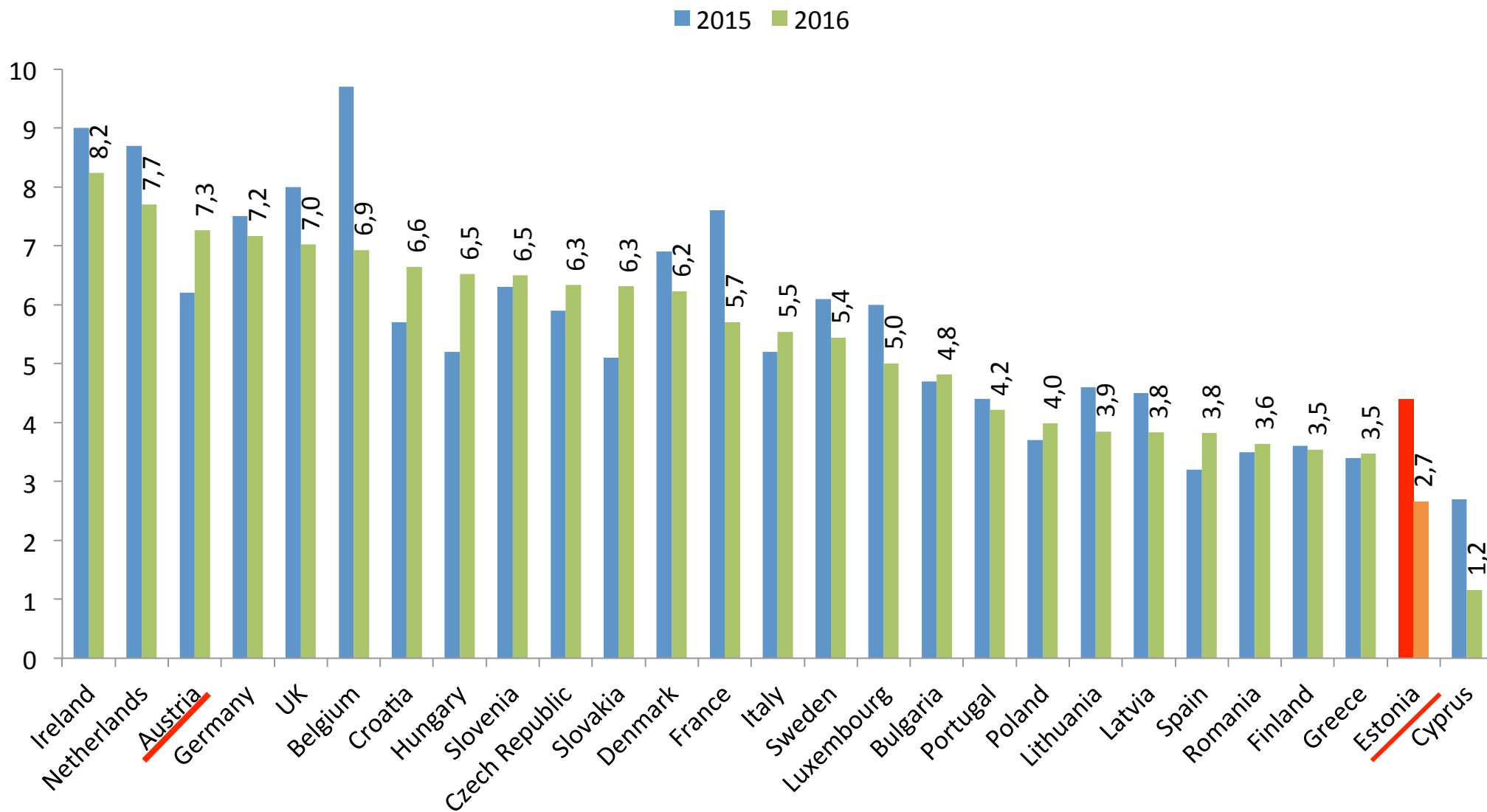


Data refer to 2017.

Norway, Iceland, Switzerland: Non-EU countries.

Estimated data for EU-28, Italy, United Kingdom and Norway.

Average yield of cereals in EU, t/ha (2015 and 2016)

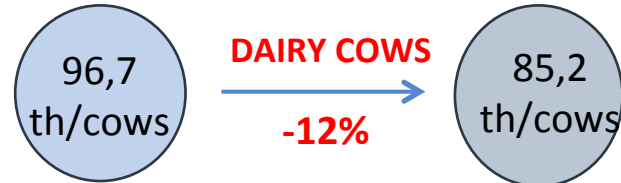




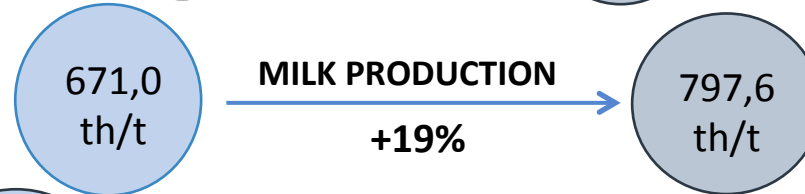
MILK

2009  2018

Number of Dairy Cows
thousand heads;



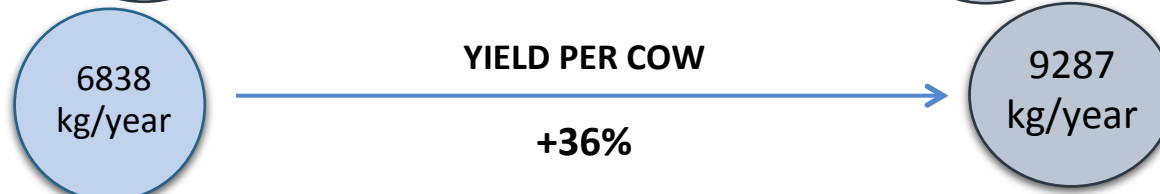
Total Milk Production
thousand tonnes;



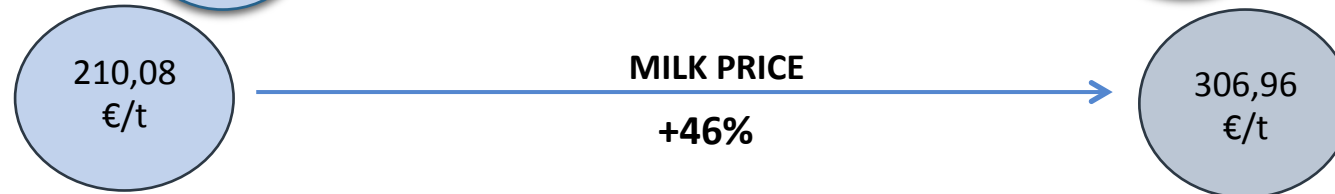
Deliveries of Raw Milk
thousand tonnes;



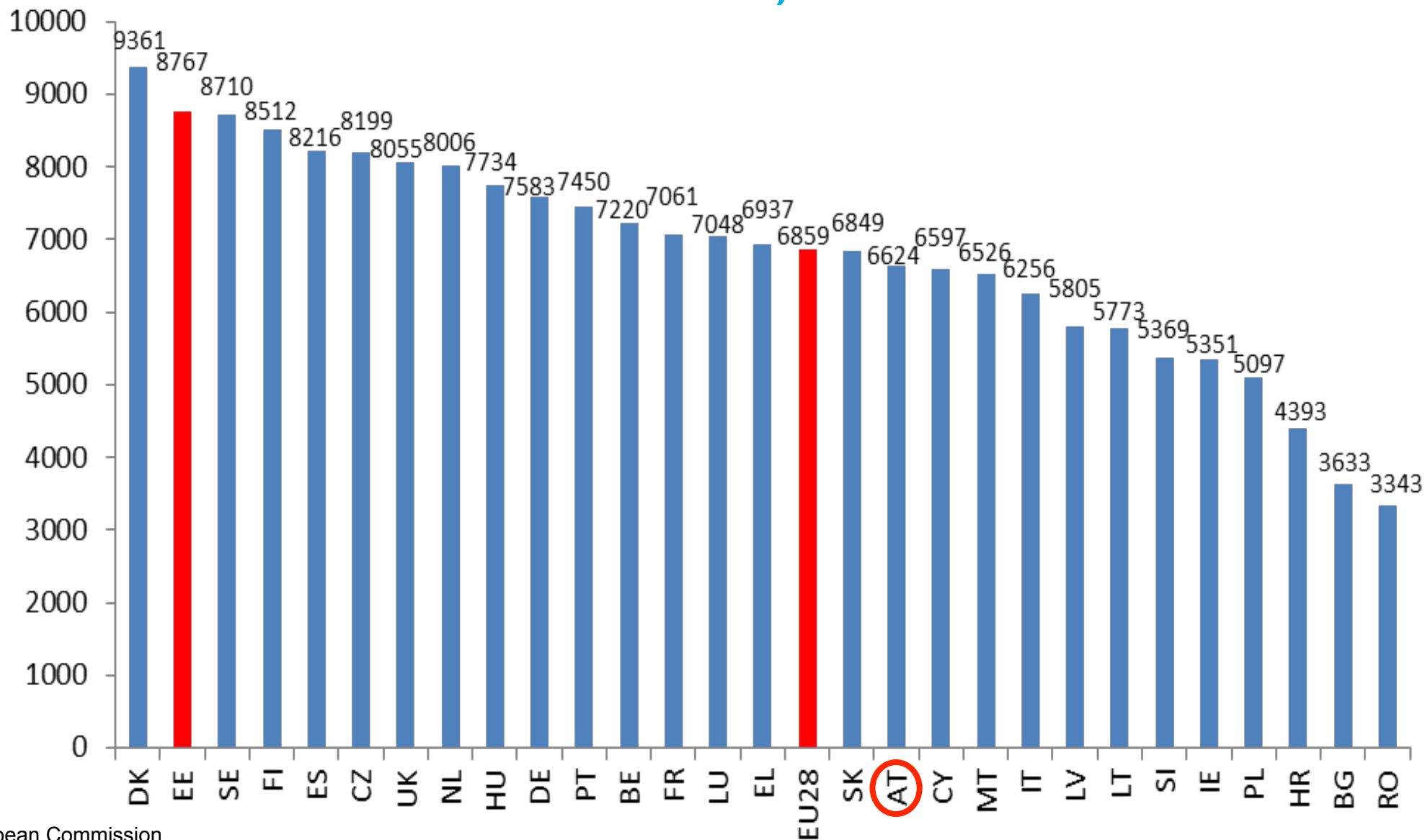
Average Yield of Dairy
Cows
kg/year;



Cow's Milk Price
(Annual Average) €/t.



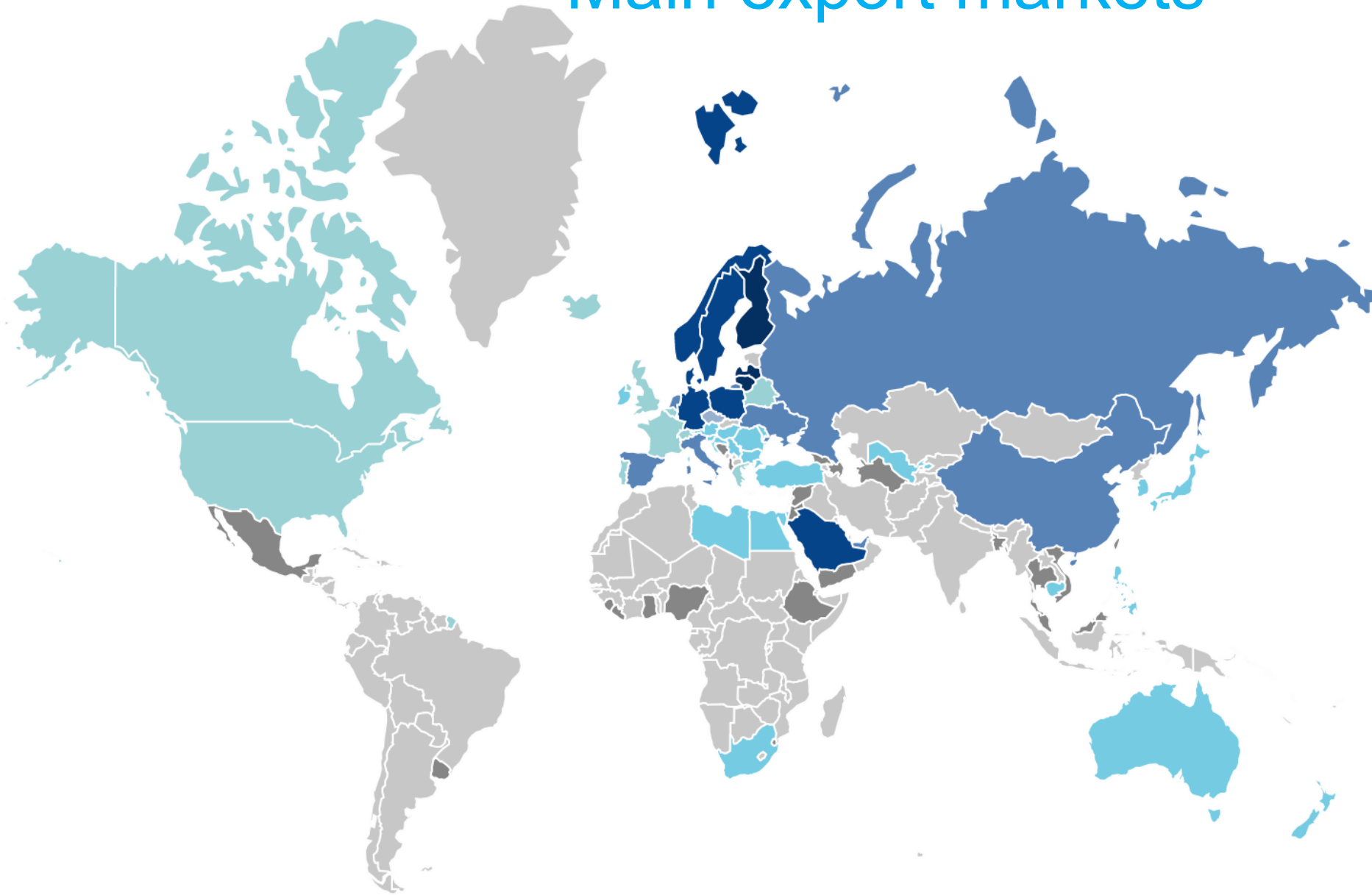
Average yield of dairy cows in EU in 2015 (kg/head)



Export in numbers

- In 2018, the exports of agricultural and food products of Estonian origin amounted to 869 million euros
- 82 % of exports to EU
- Main export turnover from Finland, Latvia and Lithuania (55% of exports, 481 million euros)
- Main products raw milk, barley and wheat
- 24% of export turnover to third countries from cereals
- Main products sold to third countries – barley, frozen fish, crustaceans, yeasts
- 35% of milk products export turnover from raw milk
- 39% of meat sector export revenue from live cattle

Main export markets



Main challenges for rural areas

- Population is concentrated in the urban areas. The migration to the main hubs is continues and slowly increasing.
- Low population density (30 inhabitants per km², in rural area 11 inhabitants per km²)
- The large variability of GDP between regions is a major problem for Estonia
- Rural economic activity is one-sided, especially in peripheral areas
- Small number of consumers of goods and services
- The outflow of services from rural area
- Persistent decrease in the share of agriculture in enterprise. Labour force is released due to the higher efficiency of agricultural production
- Difficult to find well-paid jobs and suitable labour force
- Limited logistics opportunities

Regional population growth: Europe, 2000-2017

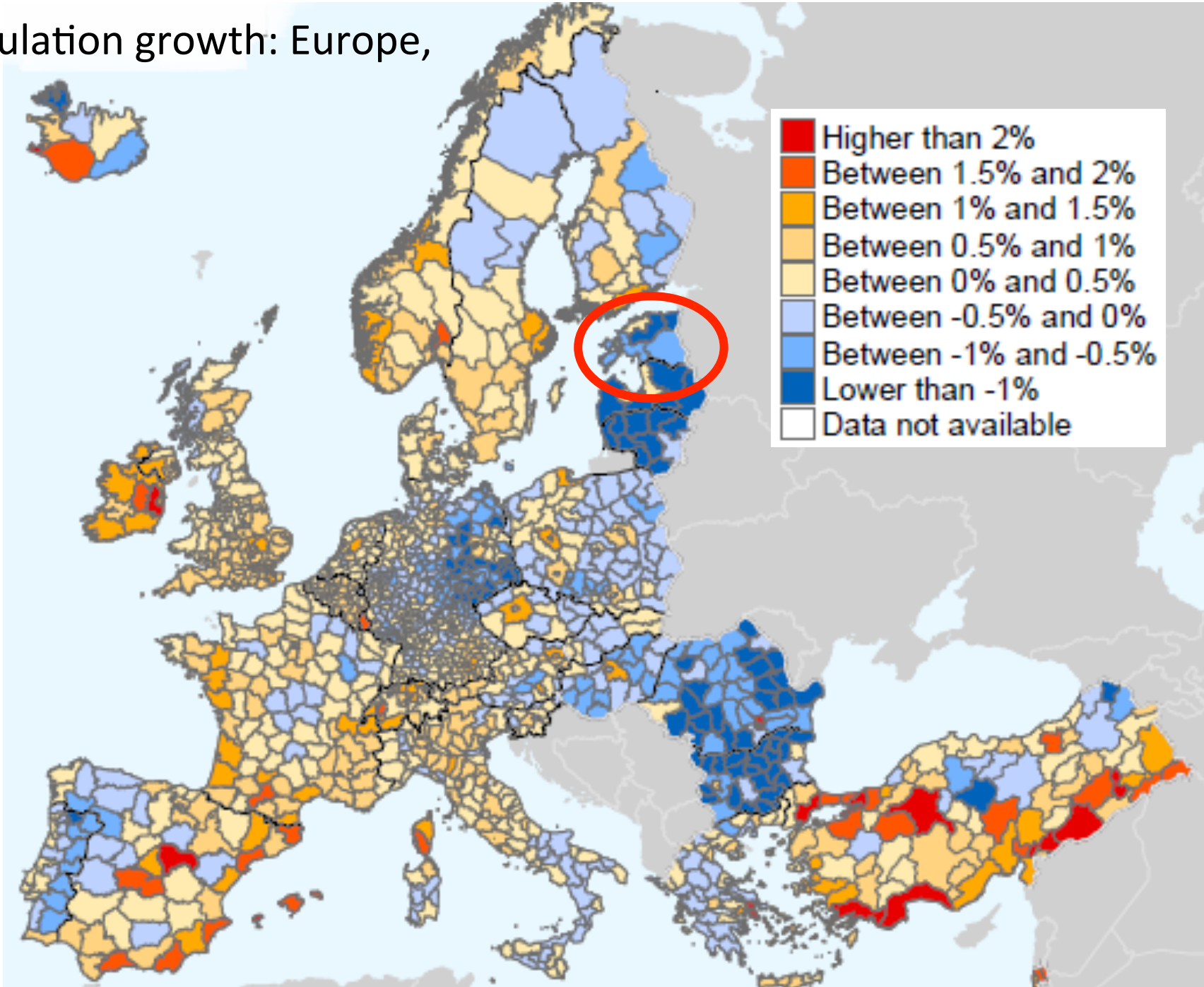
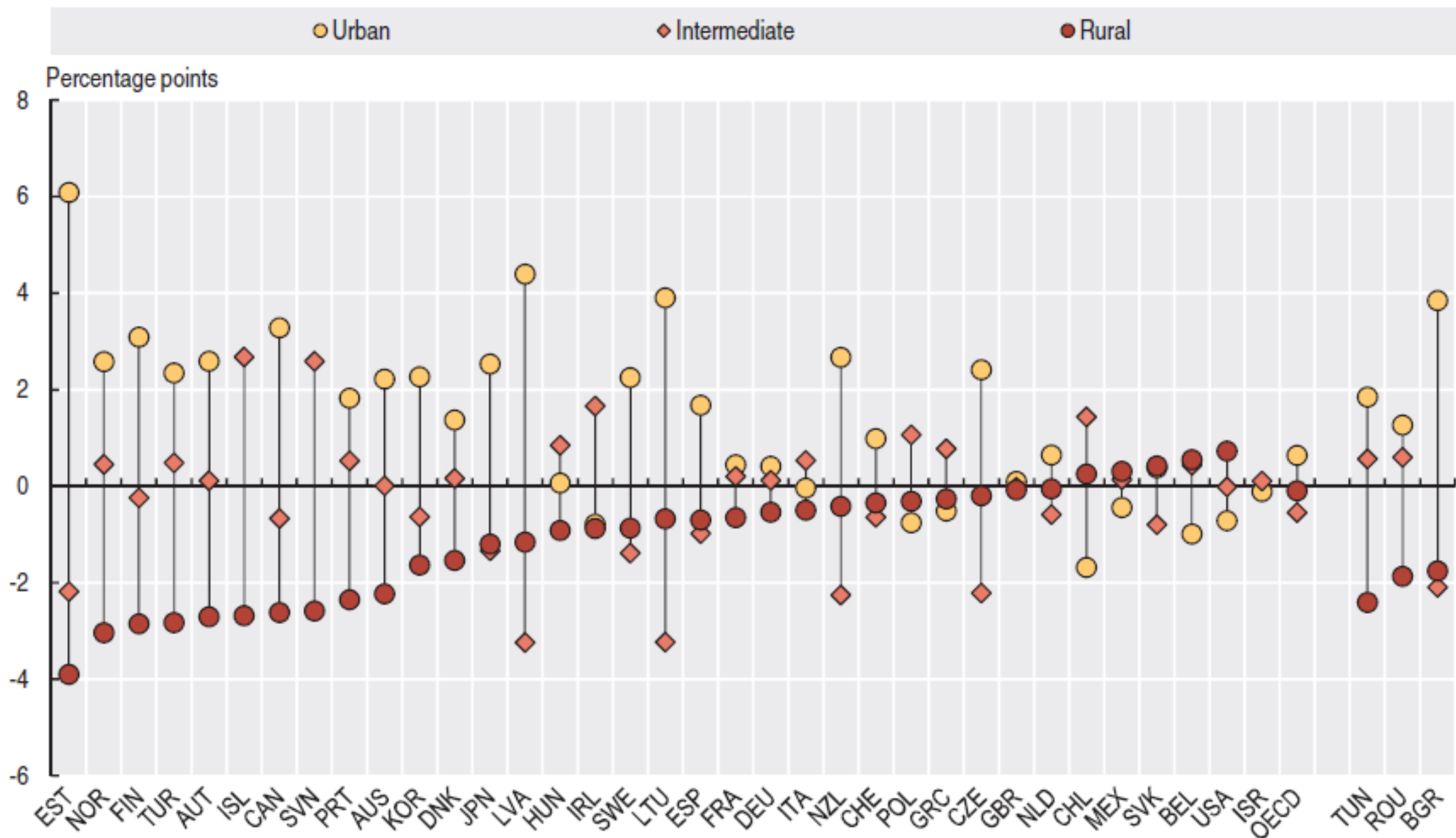
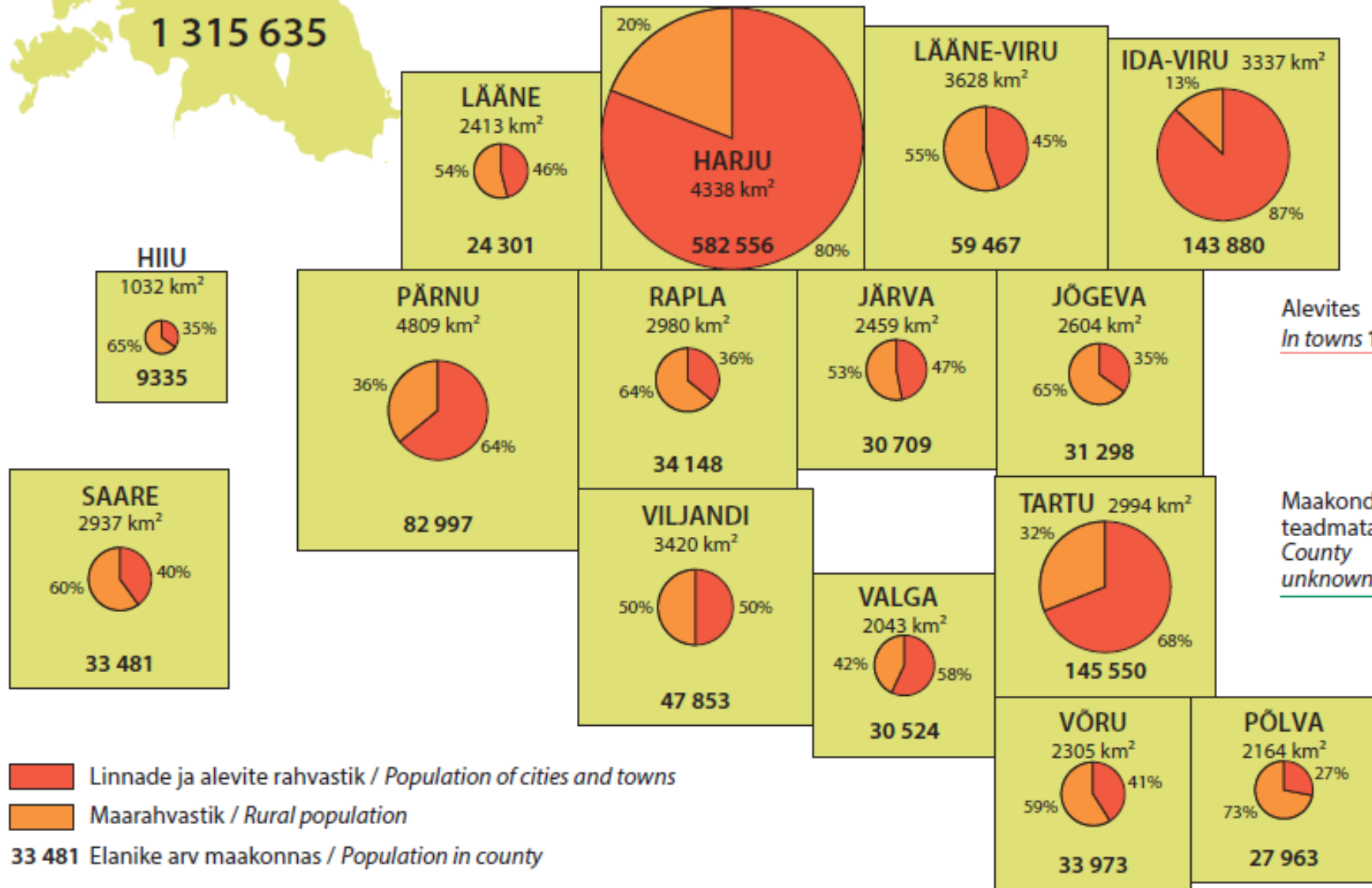


Figure 2. Change in the share of population by type of region (TL3) from 2000 to 2017



MAAKONDADE RAHVAARV, 2017
POPULATION IN COUNTIES, 2017



■ Linnade ja alevite rahvastik / Population of cities and towns
■ Maarahvastik / Rural population

33 481 Elanike arv maakonnas / Population in county

2017

Linnades, sh vallasisesed
In cities, incl. in cities without municipal status
68,4%

Alevites
In towns 1,4%

Maakond teadmata
County unknown 0,1%

Maal
In rural areas 31,6%

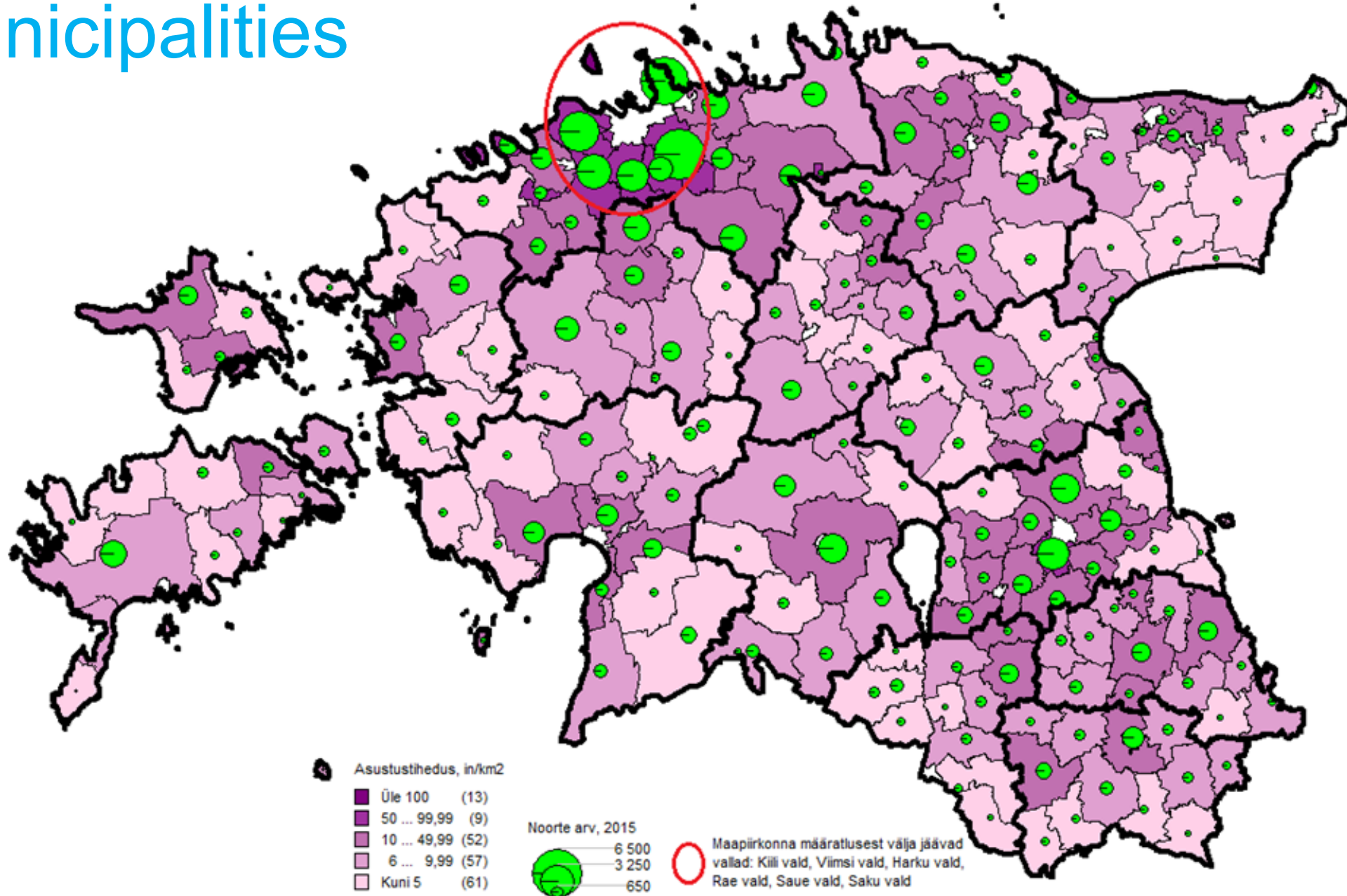
1922

LINNADES
24,2%
dans les villes

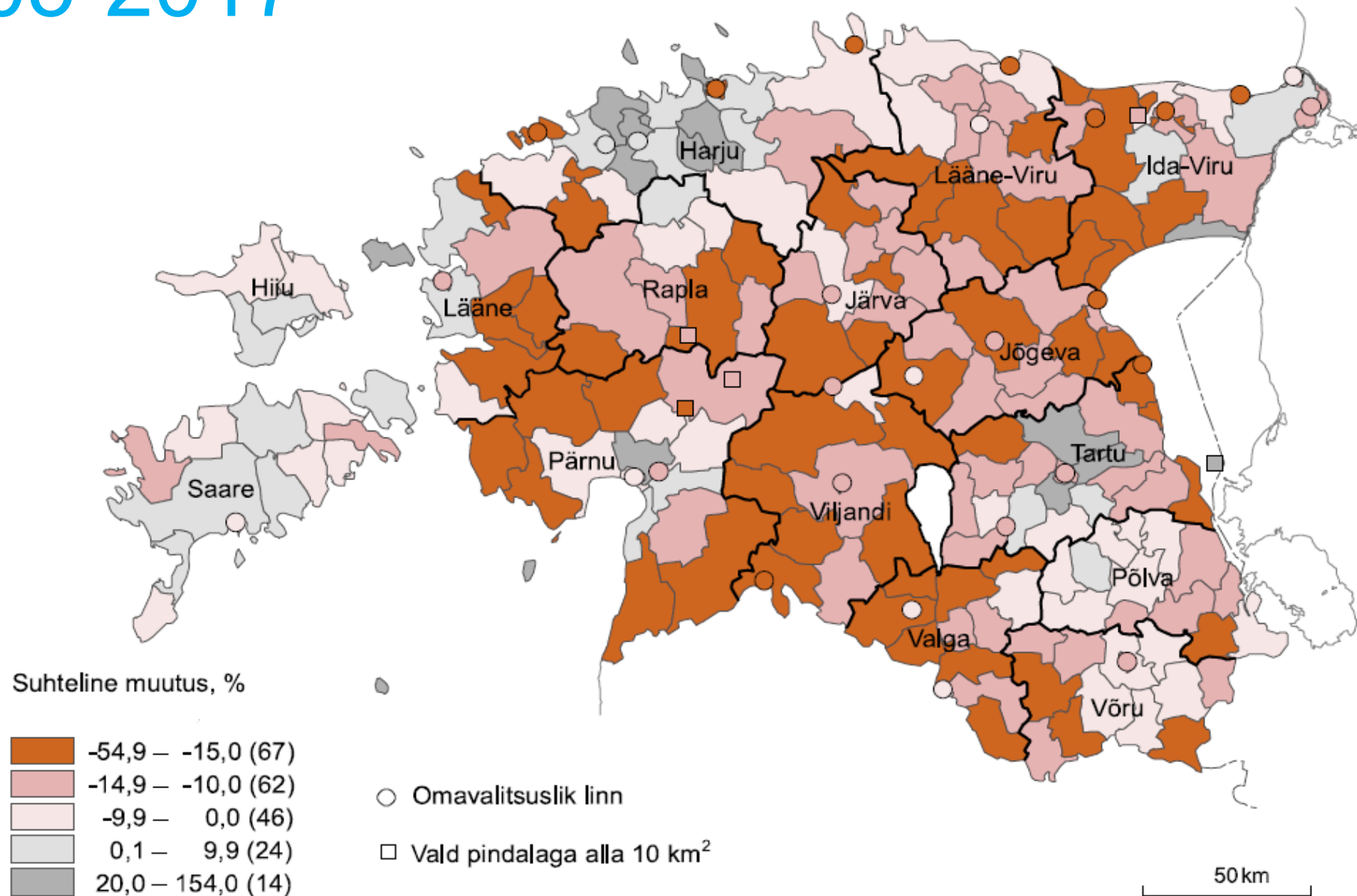
ALEVITES
dans les bourgs

MAAL
72,6%
dans les comm. rurales

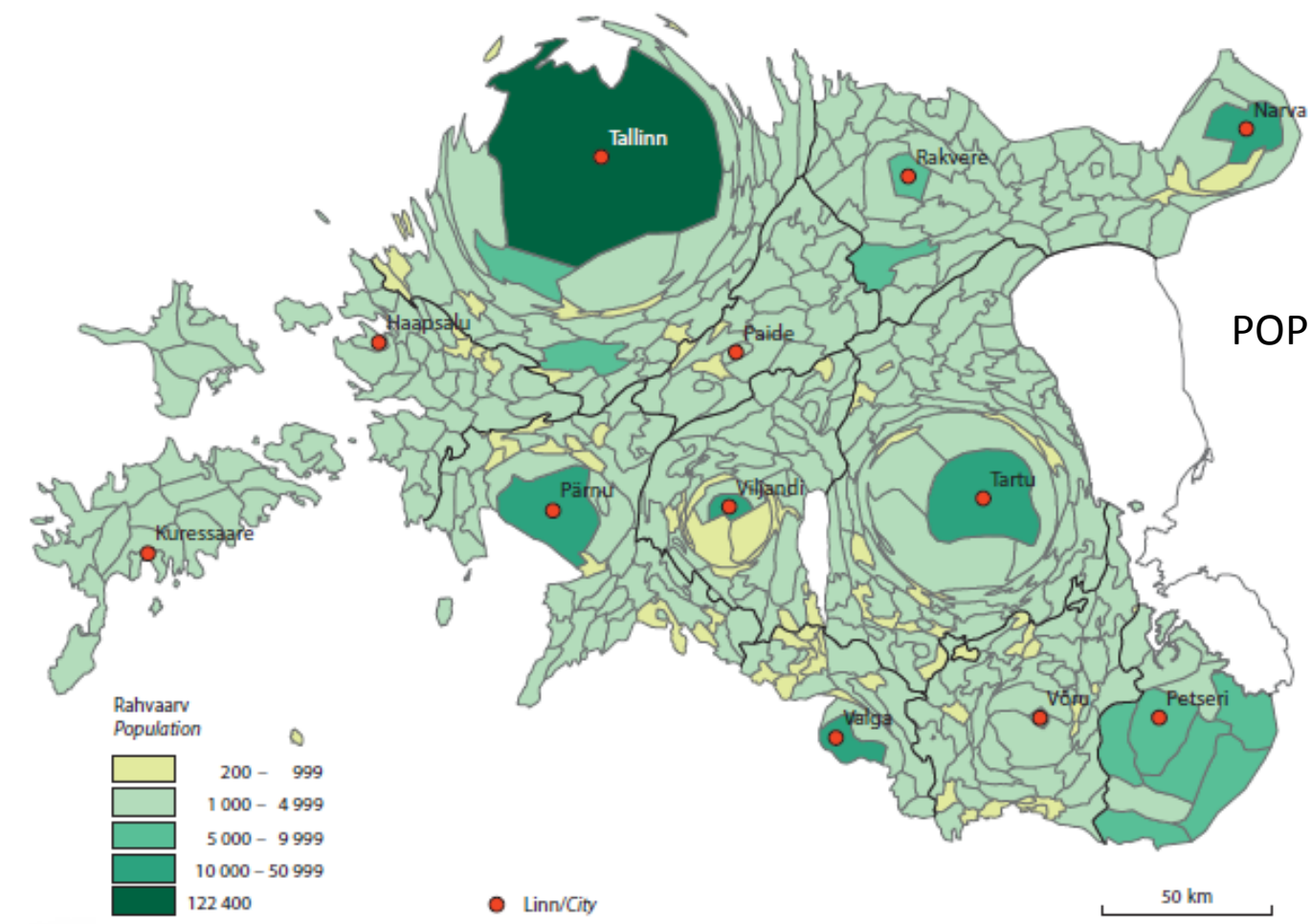
The number of young people (21-40) in the rural municipalities



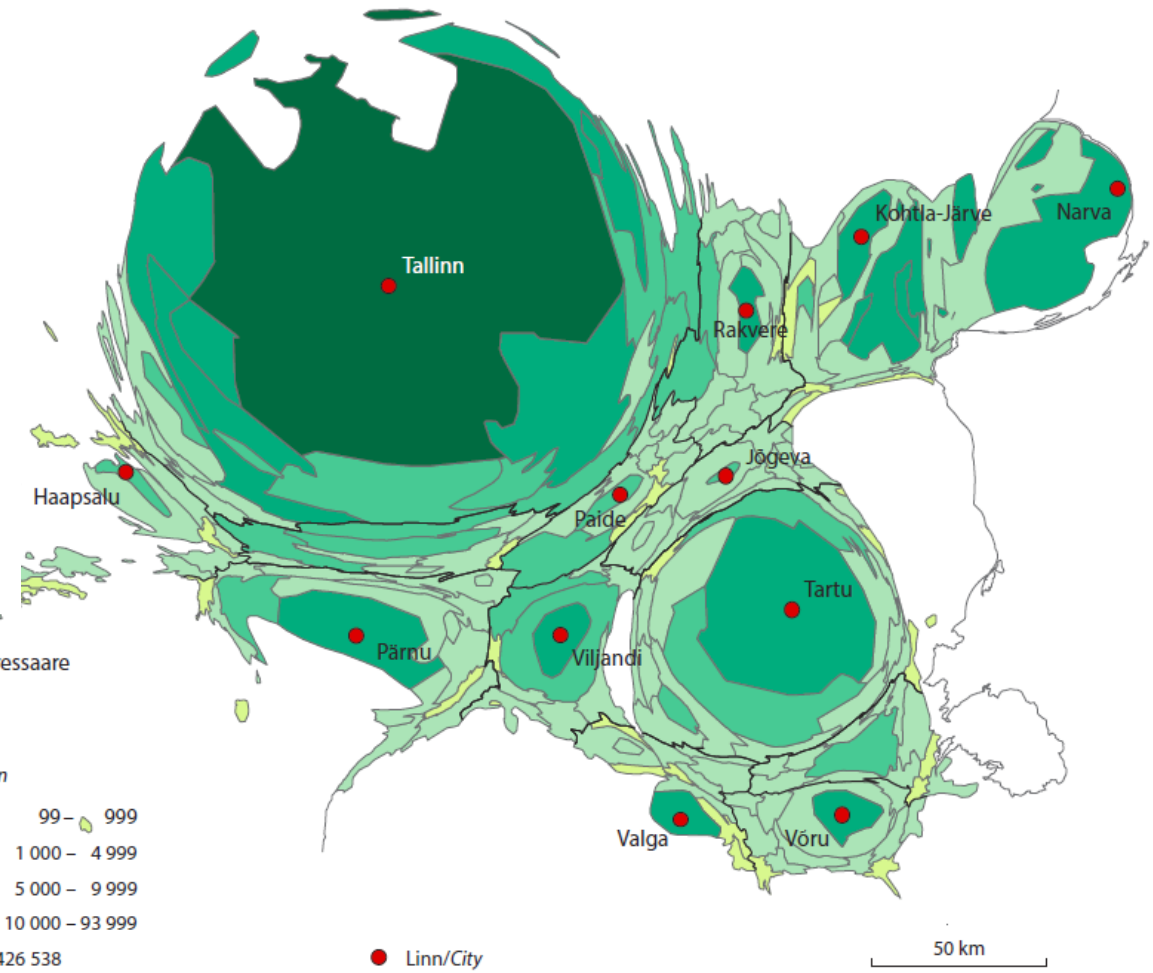
Population change in municipalities 2005-2017



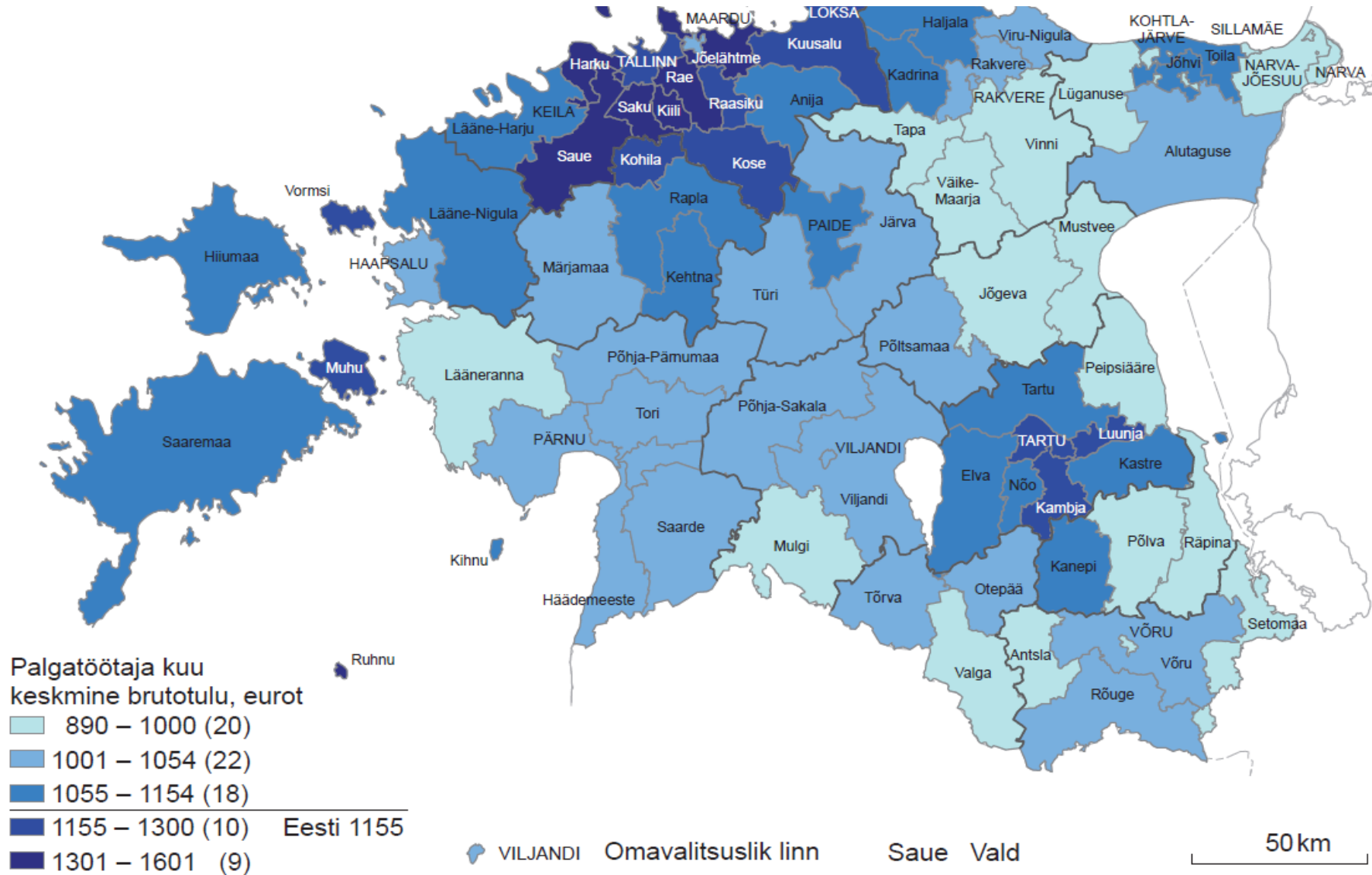
POPULATION DISTRIBUTION 1922



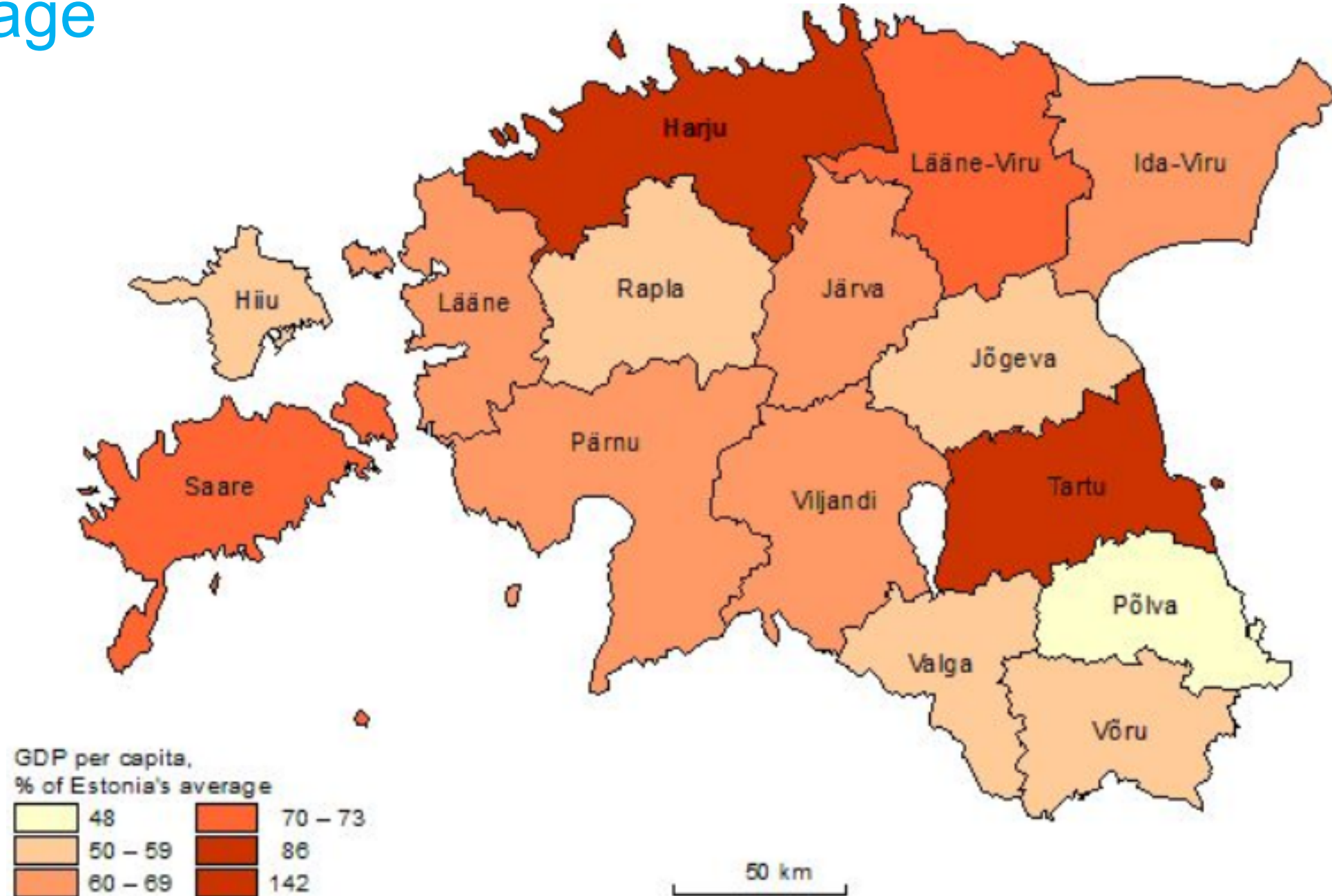
POPULATION DISTRIBUTION 2017



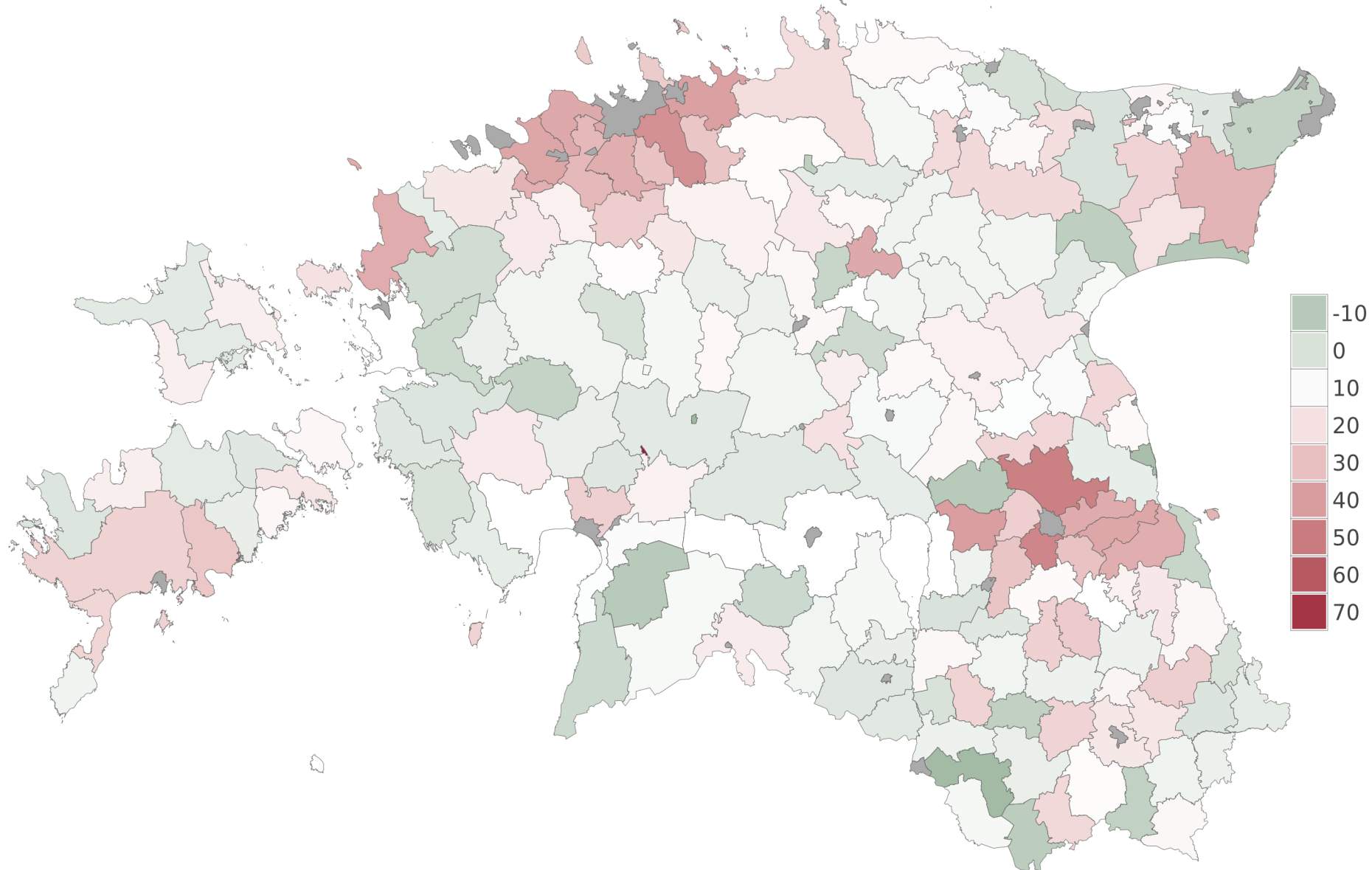
Average gross monthly earnings of employees 2017



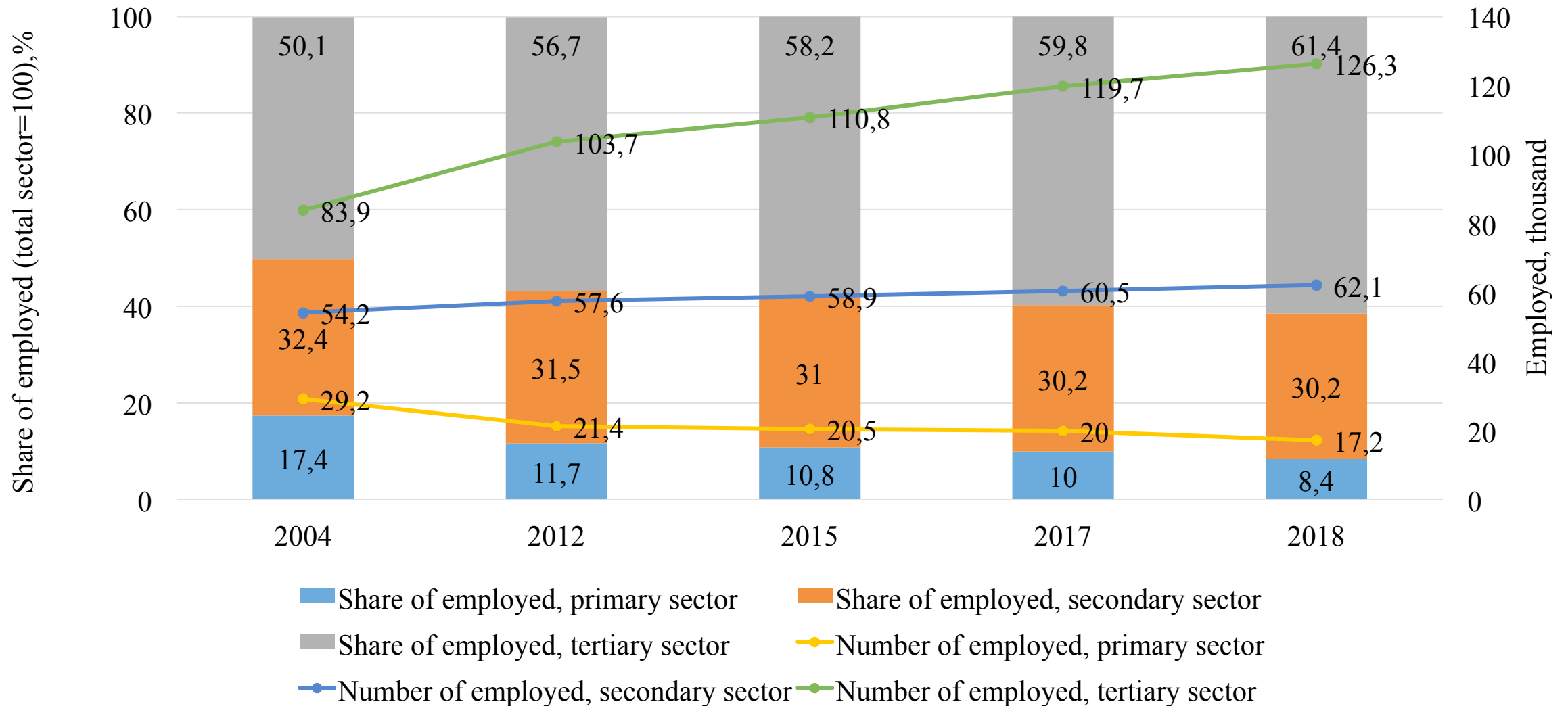
Regional GDP per capita, % of Estonian's average



Change in the number of enterprises 2010-2015



Employment in rural area by sectors 2004-2018



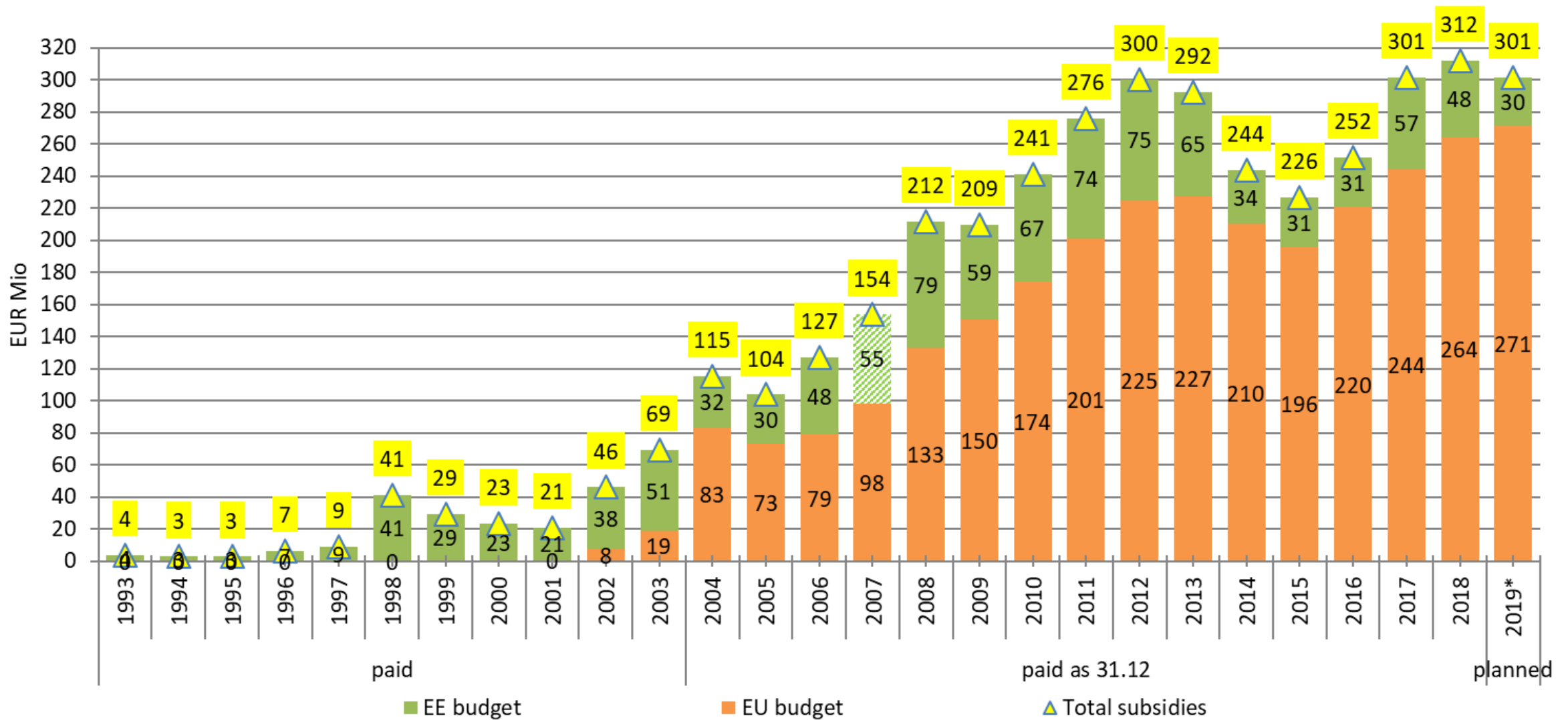
Development programs and
support over the years:
past, present and future

Development programs

- Estonian Organic Farming Development Plan 2014–2020
- Programme for Estonian eco-economy 2018–2021
- Development Plan of Seed Business 2014–2020
- Estonian Cereal Sector Development Plan 2014–2020
- Estonian Development Plan of the Horticultural Sector for 2015–2020
- Vision paper for Estonian beef sector 2016-2020
- Estonian sheep sector development plan 2018-2023
- Research and Development Activities in 2015–2021
- National Programme for Plant Breeding 2009–2019
- Conservation and Utilization of Plant Genetic Resources for Food and Agriculture 2014–2020
- Action plan for reducing resistance to antibiotics in veterinary field for 2017-2021

Estonian Agriculture and Fisheries Strategy 2030 (*PõKa*) – Maal on hea elada

Agricultural support in Estonia 1993- 2019

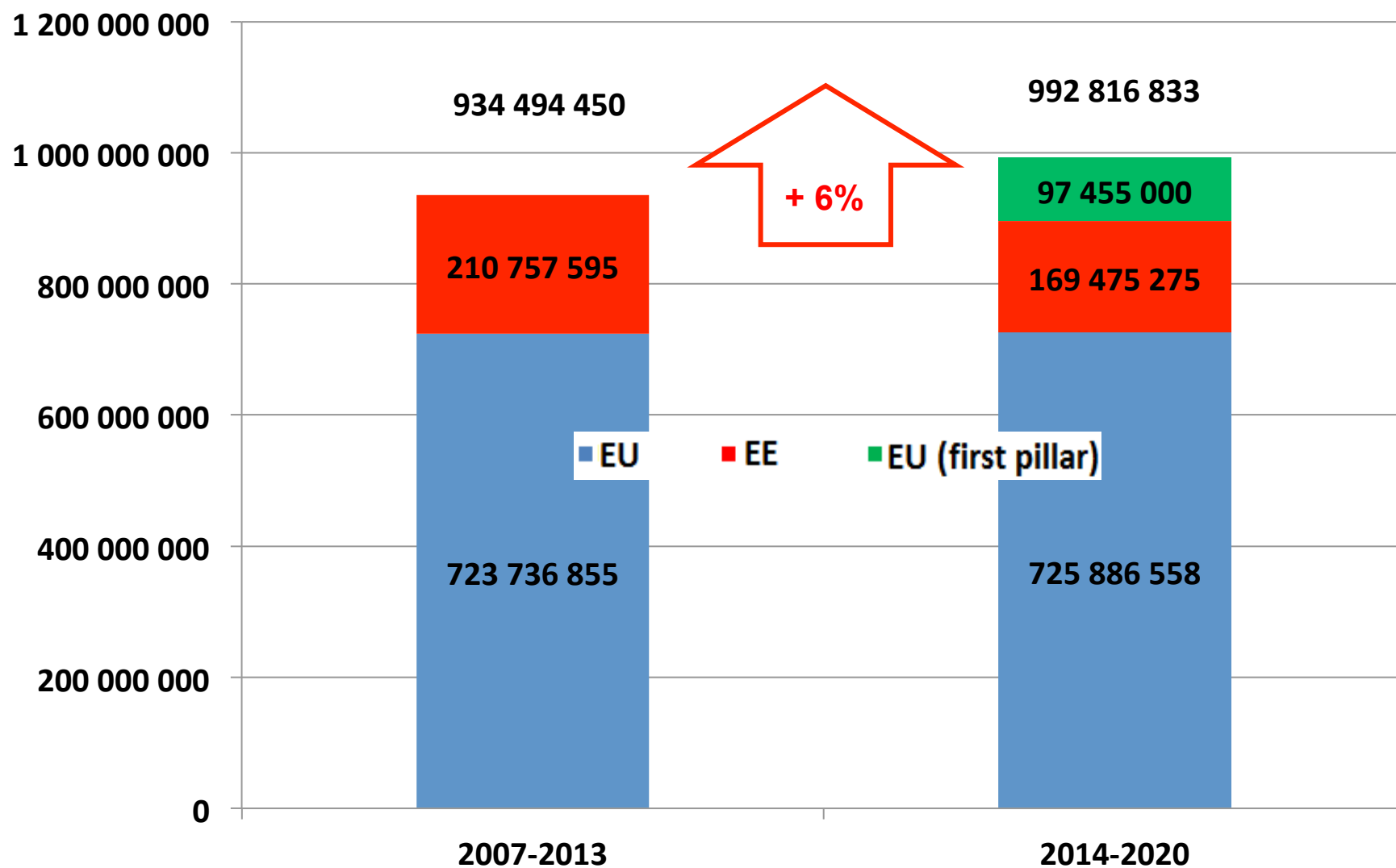


EAFRD support 2014-2020

2014 – 2020 EAFRD funding / MS (€ million)

BE		648	HR		2 026	PL		8 698
BG		2 367	IT		10 444	PT		4 058
CZ		2 306	CY		132	RO		8 128
DK		919	LV		1076	SI		838
DE		9 446	LT		1 613	SK		1 560
EE		823	LU		101	FL		2 380
IE		2 191	HU		3 431	SE		1 764
EL		4 718	MT		97	UK		5 200
ES		8 297	NL		765	EU		99 586**
FR		11 385	AT		3 938			

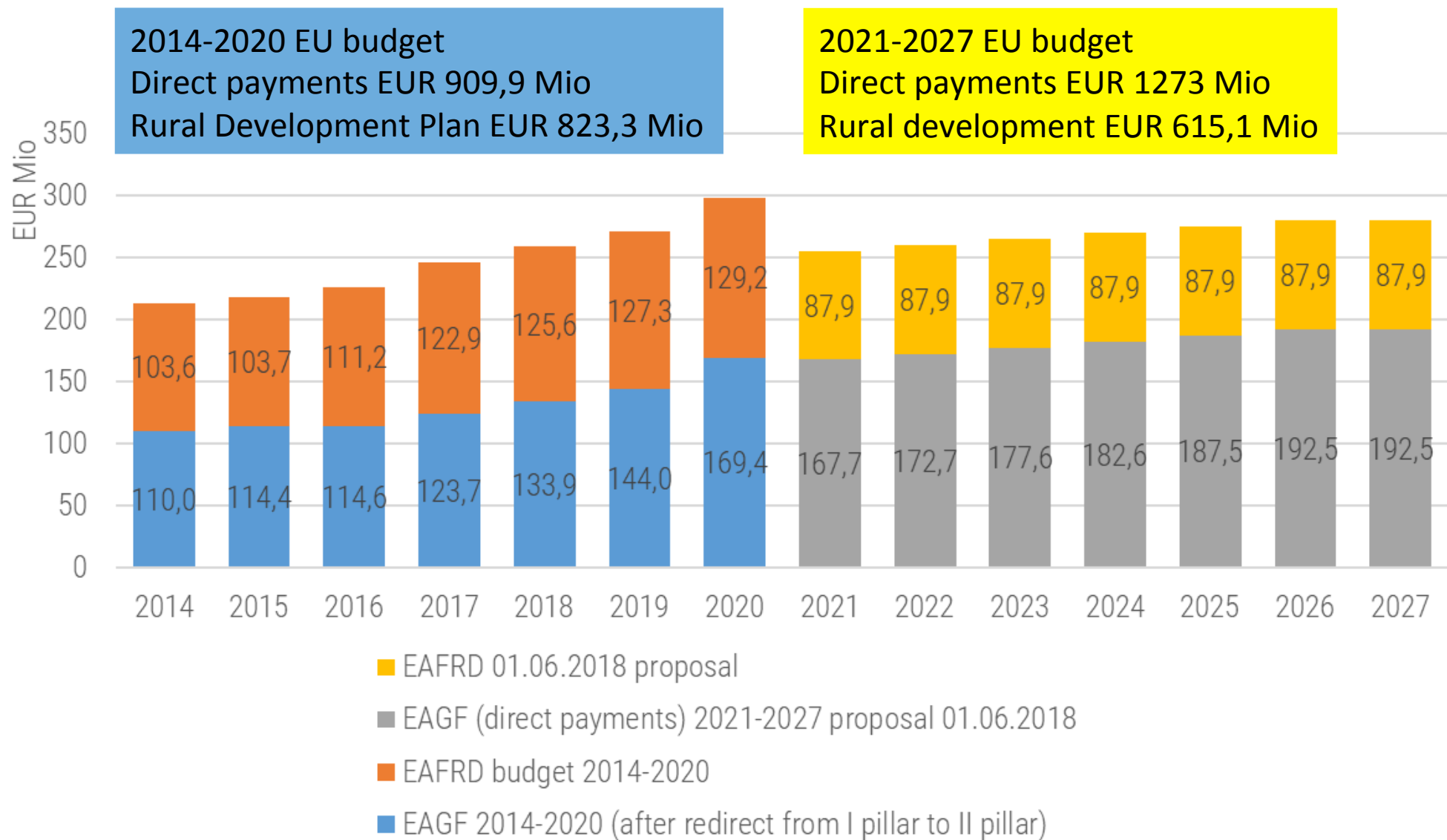
Estonian Rural Development Plan 2007–2013 and Estonian Rural Development Plan 2014–2020: comparison of budgets



RDP 2014-2020: main changes compared to previous period

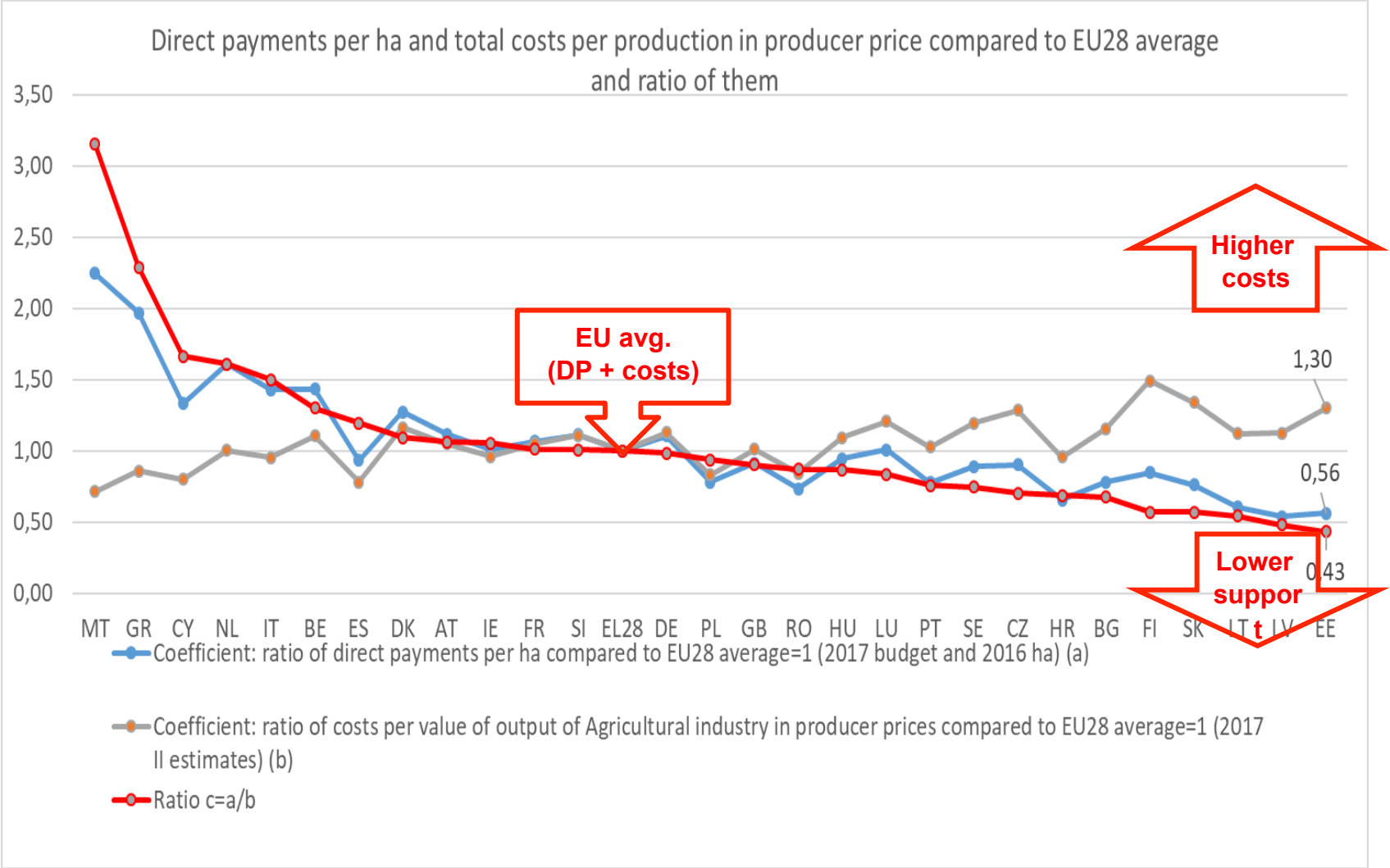
- Shift towards using financial instruments
- More attention to R&D and innovation
- Prioritisation of food supply chain related activities, new activities for short supply chain and direct marketing
- In case of investments focus on long term investments
- Several new agri-environmental schemes, scope of existing agri-environmental schemes widened

Agricultural support in Estonia: present and future

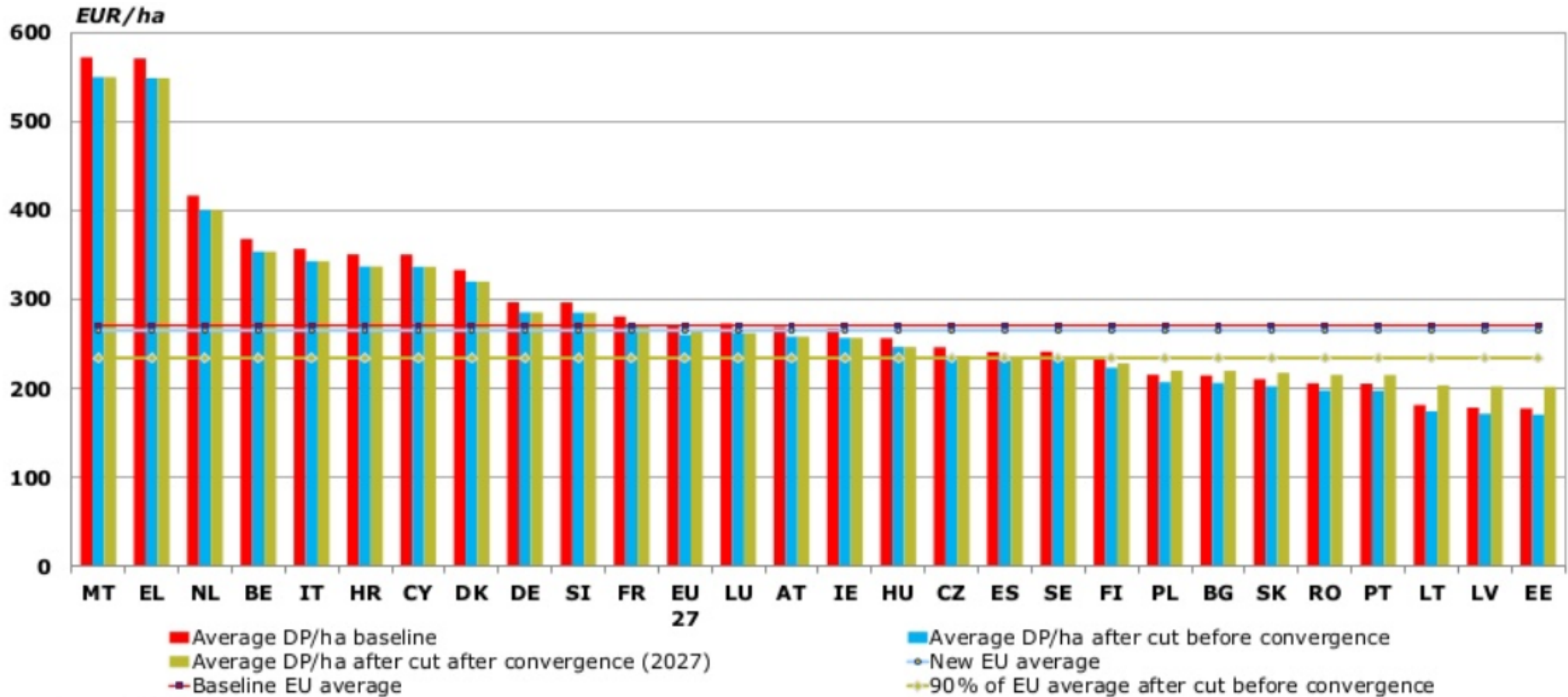


Source: (EU) No 1478/2014; COM proposal 01.06.2018

Direct payments compared to costs



Convergence of direct payments (2027)



Source: EC-DG AGRI.

Note: Direct payment amounts exclude payments for cotton.

EL budget 2021-2027



**I. SINGLE MARKET,
INNOVATION AND DIGITAL**
€187.4

- 1 Research and Innovation
- 2 European Strategic Investments
- 3 Single Market
- 4 Space



**II. COHESION AND
VALUES**
€442.4

- 5 Regional Development and Cohesion
- 6 Economic and Monetary Union
- 7 Investing in People,
Social Cohesion and Values



**III. NATURAL RESOURCES
AND ENVIRONMENT**



**IV. MIGRATION AND
BORDER MANAGEMENT**



**V. SECURITY
AND DEFENCE**
€27.5

- 12 Security
- 13 Defence
- 14 Crisis Response

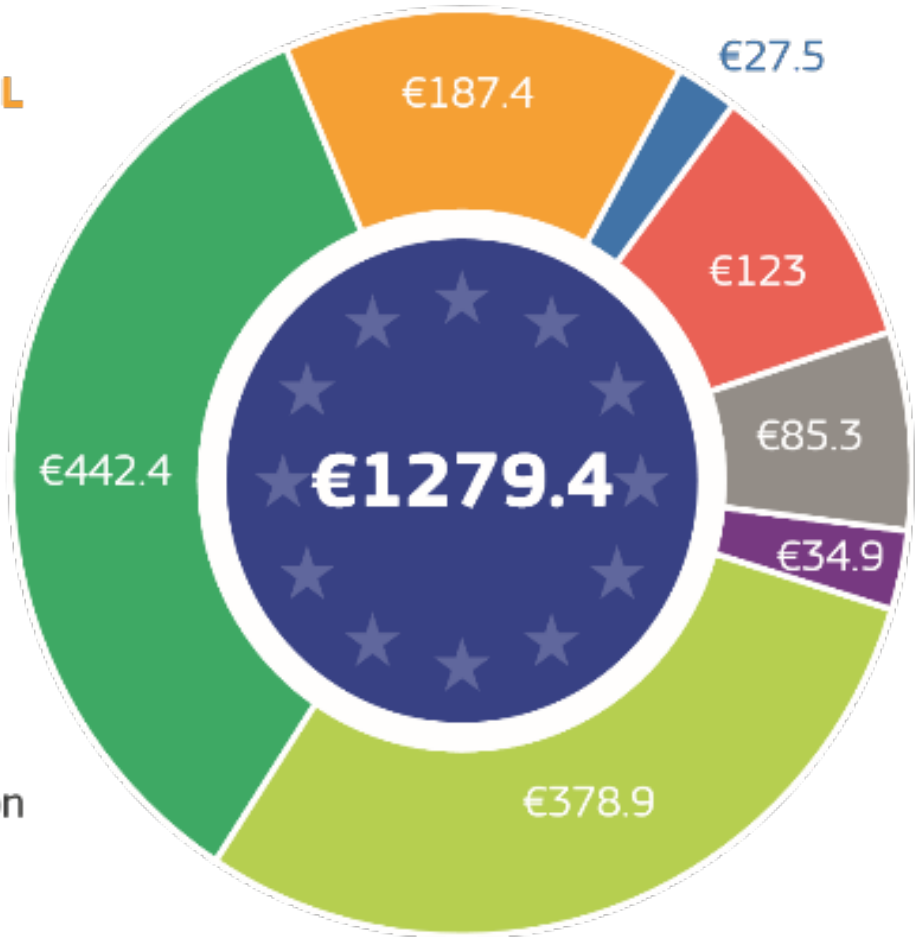


**VI. NEIGHBOURHOOD
AND THE WORLD**
€123

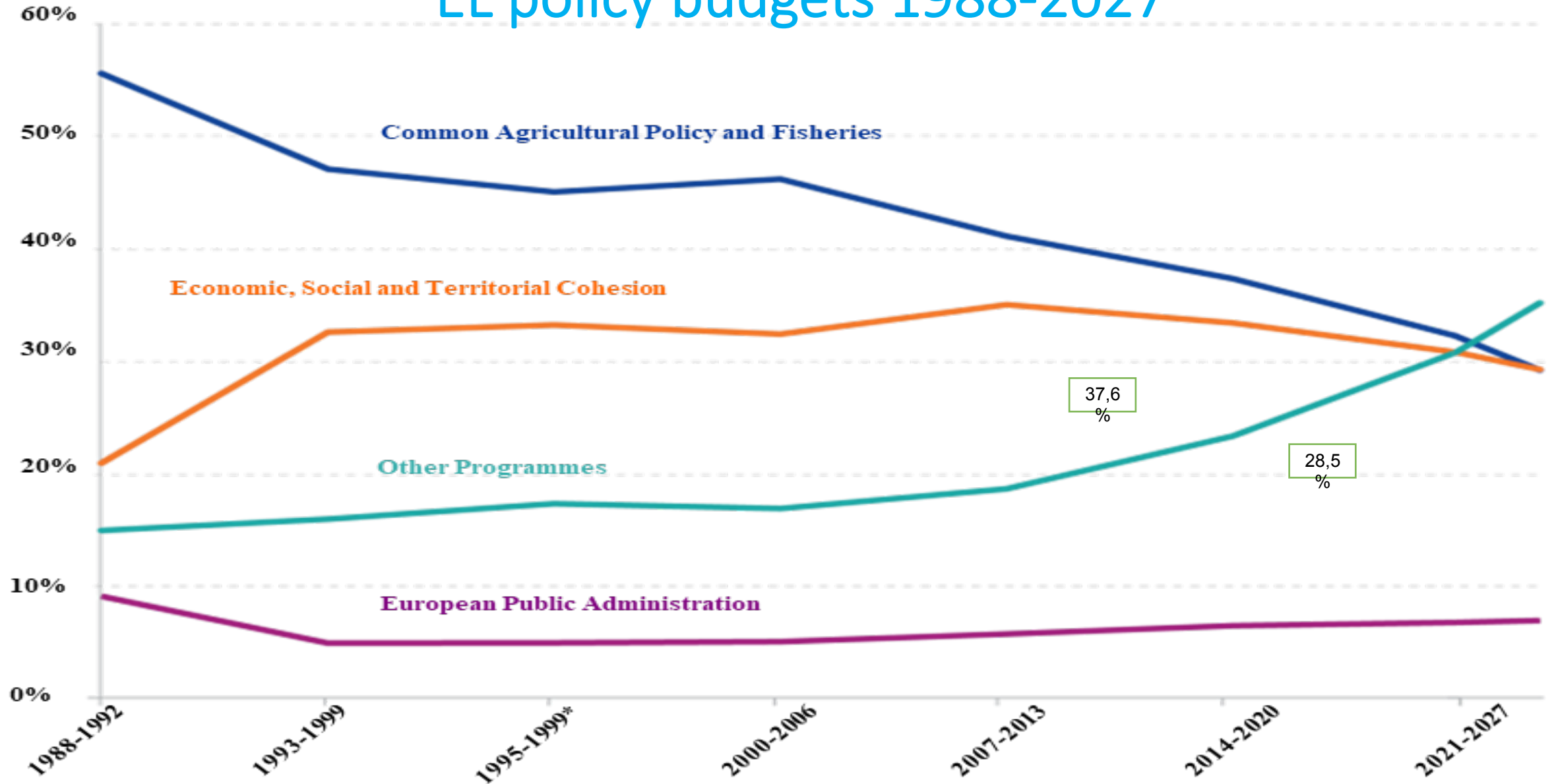
- 15 External Action
- 16 Pre-Accession Assistance



**VII. EUROPEAN PUBLIC
ADMINISTRATION**
€85.3



EL policy budgets 1988-2027



* Adjusted for 1995 enlargement

EAFRD budget presents and past

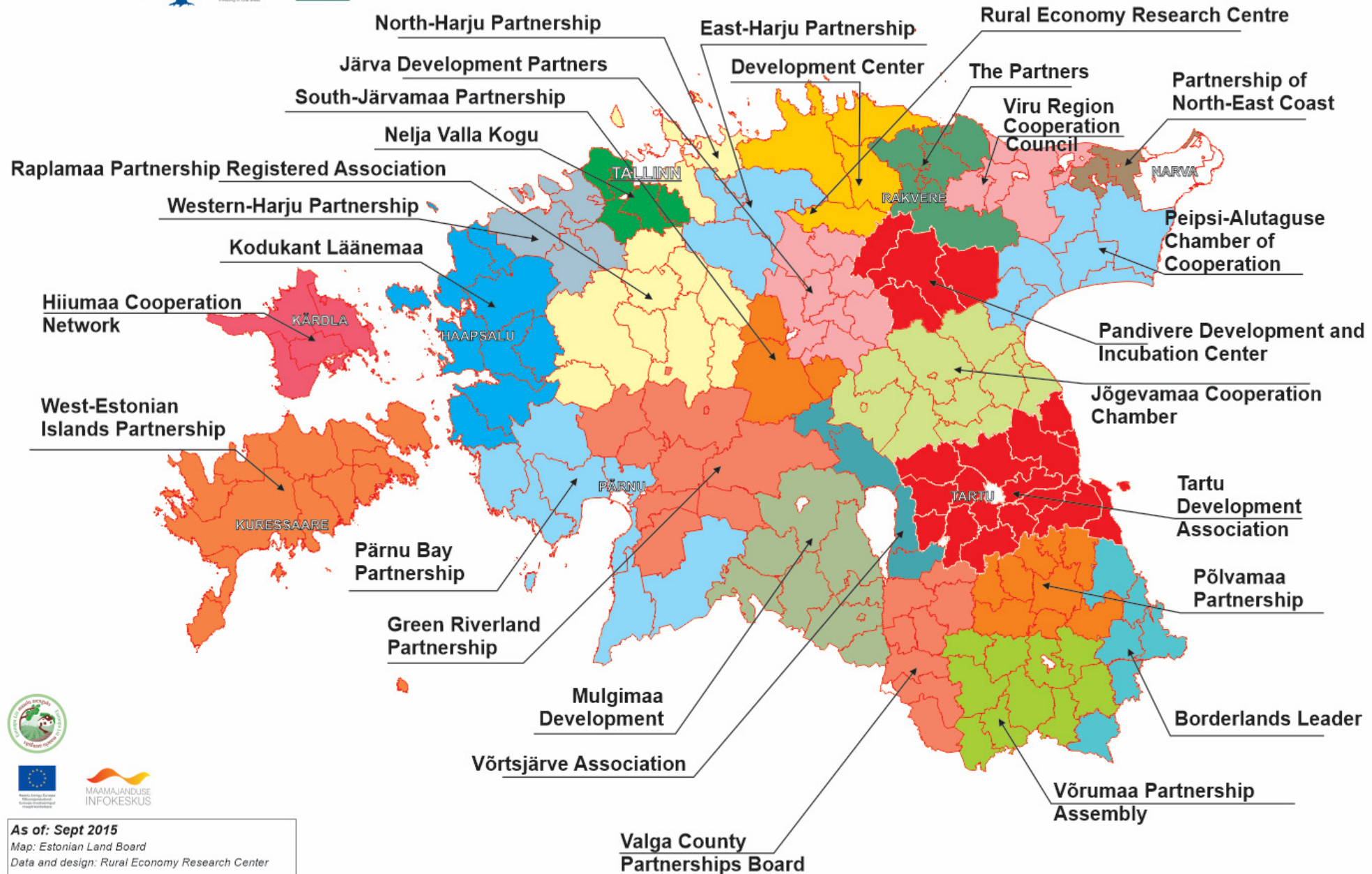
Liikmesriik	EAFRD 2014-2020 esialgne (jooksevhindades)	EAFRD 2014-2020 pärast ümbertöstmisi (jooksevhindades)	EK pakkumine perioodiks 2021-27 (jooksevhindades)	Vähene mine/ kasvamine
AT	3 937 551 997	3 937 551 997	3 363 269 217	-15%
BE	551 790 759	647 797 759	470 246 322	-27%
BG	2 338 783 966	2 366 716 966	1 971 979 772	-17%
CZ	2 170 333 996	2 305 673 996	1 811 412 421	-21%
CY	132 214 377	132 244 377	111 910 988	-15%
DE	8 217 851 050	9 445 920 050	6 929 474 972	-27%
DK	629 400 690	918 803 690	530 688 361	-42%
EE	725 886 558	823 341 558	615 131 209	-25%
EL	4 195 960 793	4 718 291 793	3 567 141 242	-24%
ES	8 290 828 821	8 297 388 821	7 008 420 160	-16%
FI	2 380 408 338	2 380 408 338	2 044 148 589	-14%
FR	9 909 731 249	12 010 643 249	8 464 814 393	-30%
HR	2 325 172 500	2 026 222 500	1 969 390 521	-3%
HU	3 455 336 493	3 430 664 493	2 913 417 304	-15%
IE	2 189 985 153	2 190 592 153	1 852 696 657	-15%
IT	10 429 710 767	10 444 380 767	8 892 172 597	-15%
LT	1 613 088 240	1 663 166 240	1 366 277 619	-18%
LU	100 574 600	100 574 600	86 036 692	-14%
LV	968 981 782	1 075 603 782	821 150 883	-24%
MT	99 000 898	97 326 898	85 451 254	-12%
NL	607 305 360	825 285 360	512 058 365	-38%
PL	10 941 201 814	8 697 556 814	9 225 233 710	+6%
PT	4 057 788 374	4 058 460 374	3 452 504 006	-15%
RO	8 015 663 402	8 127 996 402	6 758 523 373	-17%
SE	1 745 315 250	1 763 565 250	1 480 856 132	-16%
SI	837 849 803	837 849 803	715 741 516	-15%
SK	1 890 234 844	1 559 691 844	1 593 779 047	+2%
EU27	92 757 951 874	94 883 719 874	78 613 927 322	-17%

Focus areas:
Estonian Food
Leader

LEADER in Estonia

- Preparations already in the framework of Estonian National Development Plan 2004–2006 (pilot)
- Wider implementation of LEADER approach began in 2006
- Estonian Rural Development Plan 2007–2013: budget 85 mln EUR, of which
 - Implementation of local development strategies – 66 mln EUR;
 - Cooperation projects – 1,8 mln EUR;
 - Administrative and operation costs of LAGs – 17,1 mln EUR.
- Estonian Rural Development Plan 2014–2020: budget 90 mln EUR, of which
 - Preparation of local development strategies – 1,7 mln EUR;
 - Implementation of local development strategies – 68,1 mln EUR;
 - Cooperation projects – 2,5 mln EUR;
 - Administrative and operation costs of LAGs– 17,6 mln EUR.
- There are 26 LEADER local action groups in Estonia, which cover almost 99% of rural territory

LEADER ACTION GROUPS IN ESTONIA



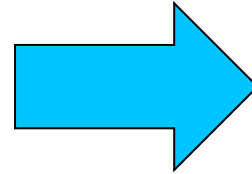
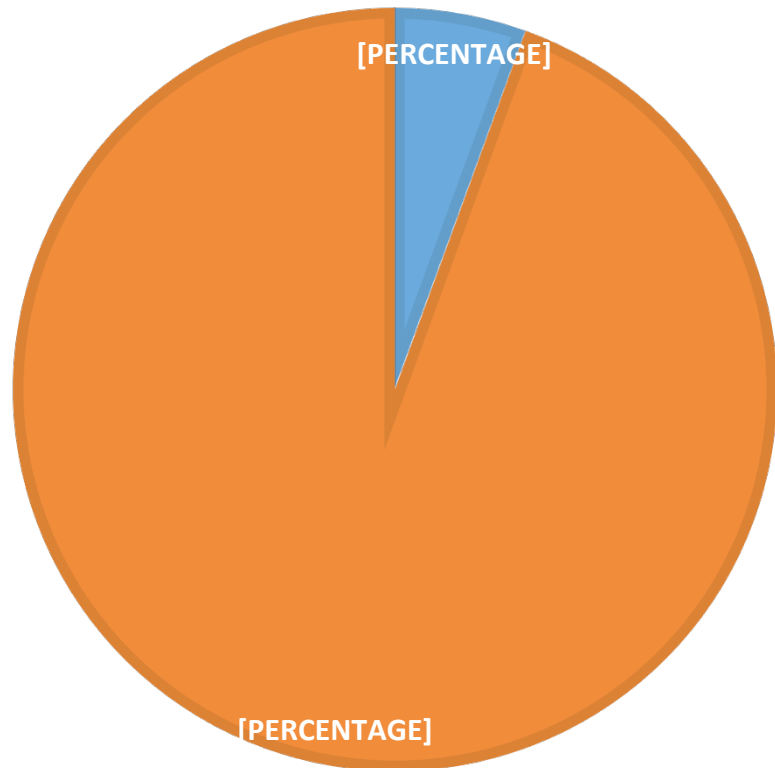
RDP 2014-2020 Measure 19 – Support for LEADER local development (90 mil)

- 19.1 – Support for preparation of LDS
- 19.2 – Support for implementation of community led local development
- 19.3 – Preparation and implementing of LAG cooperation
- 19.4 – Support for running and animation costs

Effective way of helping rural areas

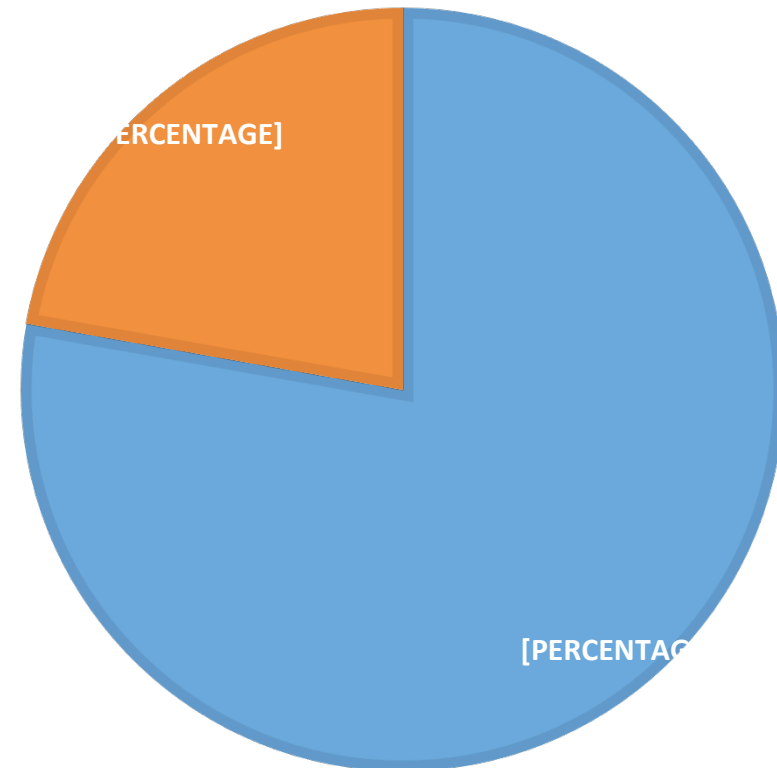
APRIL 2016

■ Approved ■ Unused

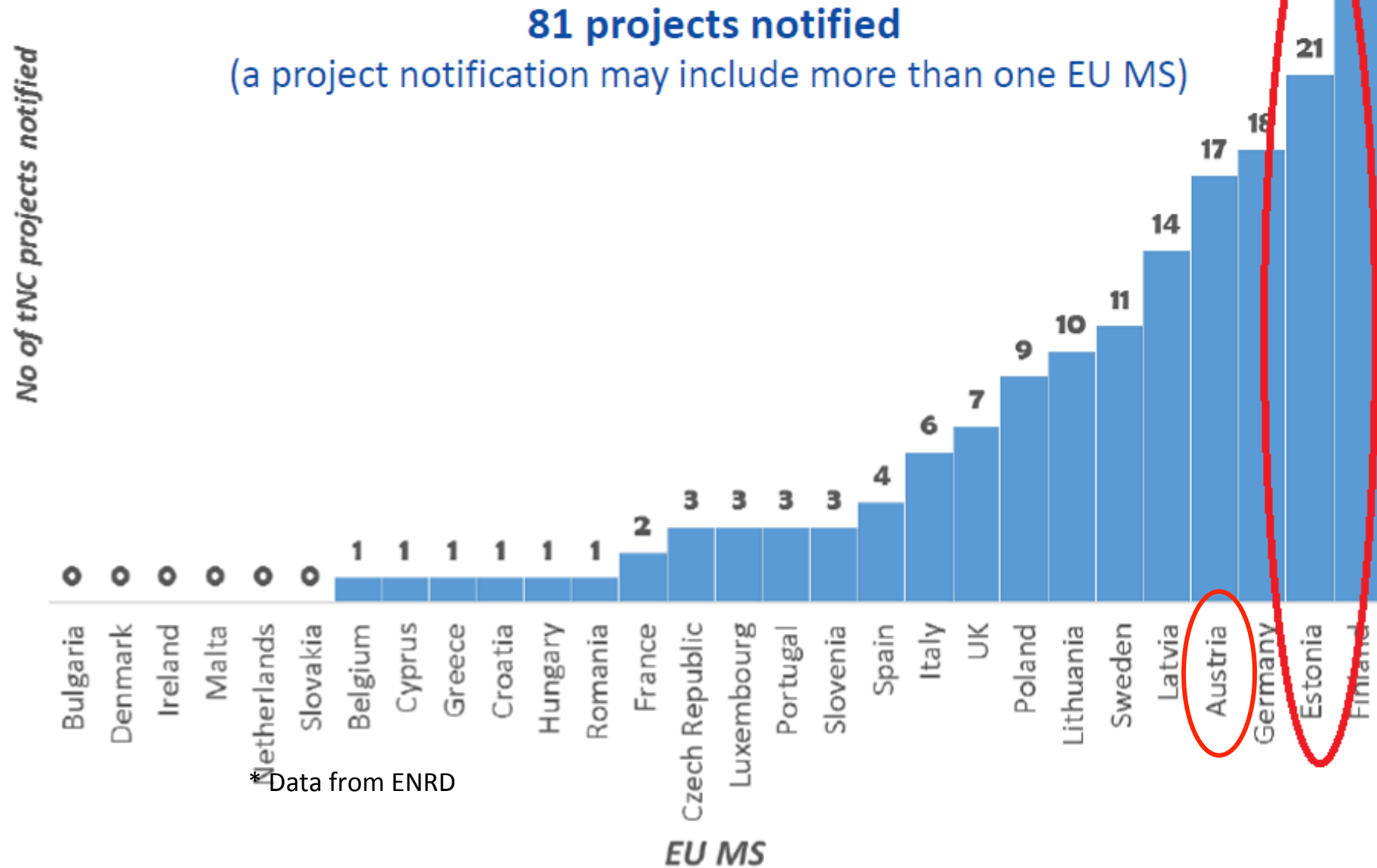


FEBRUARY 2019

■ Approved ■ Unused



Transnational cooperation projects



Estonian Food Programme 2015-2020: objectives

- To create and develop the image of Estonian Food both in Estonia and abroad
- To enhance the co-operation of food sector players
- To develop new export opportunities for Estonian food sector enterprises



Estonian Food Programme 2015-2020: objectives

Projects targeted at Estonian market

- Estonian Food Month in September (campaign to promote local food and food culture)
- Selecting and promoting the food region of the year (Hiiumaa in 2016, Peipsimaa in 2017, Pärnumaa in 2018)
- Estonian Culinary Route (in cooperation with Estonian Rural Tourism Association)
- Open Food Industries Week
- Open Farm Days



Projects targeted at foreign markets

Organising promotional events in target markets:

- Finland
- Germany
- China
- Sweden
- Japan



The Future

CAP new delivery mechanism:
Estonian position

CAP new delivery mechanism: Estonian position

- CAP should remain common policy
- 2 pillar structure should be kept
- 3 objectives proposed are relevant
- Simplification needed
- We welcome the new delivery mechanism proposed by the Commission
- Clear division of tasks between Commission and MS needed
- Avoiding duplication of controls
- Keeping ambition of policy and reflecting it in CAP strategy plans and of its' indicators

Competitiveness: Estonian position

- Capping should be voluntary
- To increase farmers' productivity, to promote usage of more efficient and more environmentally-friendly technologies, and to increase business income, favourable conditions have to be created for efficient knowledge transfer system enabling to “link what we know to what we grow”
- New value chains (bio-economy, circular economy) provide new income possibilities to farmers and other rural entrepreneurs. Measures that will enable to provide added value to biological resources and quality to production should be promoted
- Cooperation between producers, cooperative activities and the establishment of producer organisations should be facilitated
- We support Commission in finding new markets for EU agrifood products

Risk management and financial instruments: Estonian position

- Market orientation of the CAP should be kept – role of farmers in risk management has to increase
- Crises reserve should be cumulative
- Risk management measures should be mandatory
- Additional risk management measures should be considered – refinancing of loans, loans for working capital
- Support EU-level risk management platform
- Financial instruments should be preferred to grants
- Grants for investments are justified when they are foreseen for investments that will not create profit in short term and are therefore not attractive for farmers (e.g. environmental investments, innovation)

Structure of the environment measures: Estonian position

- At the moment most burdensome element of CAP – simplification needed
- Support the idea of integrating CC, greening and AECM
- More flexibility on MS level needed
- Ambitious objectives needed
- Focus should be on active environmental measures targeting impact of agriculture on water, soil and biodiversity
- Animal and plant breeding as important part of risk management